

003
No. 2746

United States
Circuit Court of Appeals

For the Ninth Circuit.

Transcript of Record.
(IN THREE VOLUMES.)

JOHN GRANT LYMAN,

Plaintiff in Error,

vs.

UNITED STATES OF AMERICA,

Defendant in Error.

VOLUME II.
(Pages 417 to 832, Inclusive.)

Upon Writ of Error to the United States District Court of the
Southern District of California, Southern Division.

Filed

JUL 1 - 1916

F. D. Monckton,
Clerk.

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Circuit Court of Appeals

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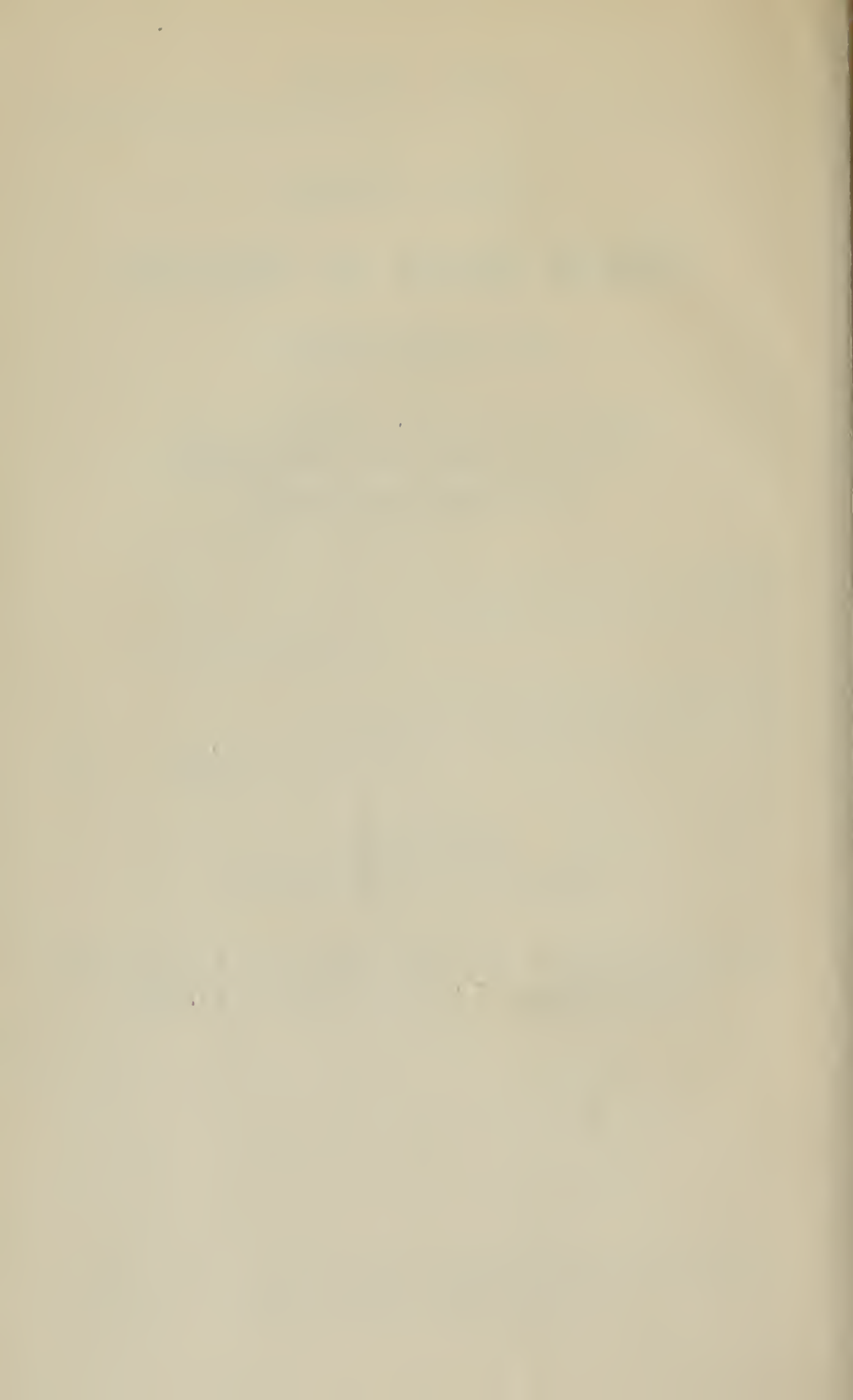
UNITED STATES OF AMERICA,

Defendant in Error.

VOLUME II.

(Pages 417 to 832, Inclusive.)

Upon Writ of Error to the United States District Court of the
Southern District of California, Southern Division.



(Testimony of John Redpath.)

**U. S. Exhibit No. 95—Cablegram September 5, 11,
Amiel to Panamano.**

(Cable message blank Western Union Tel. Co.)

Panama 9 Sept. 5, 11.

Panamano,

Los Angeles, (Calif)

Immediate settlement necessary will start proceedings.

AMIEL.

712AM.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 95. Wm. M. Van Dyke. By Robert E. Rinehart, Deputy Clerk.

The WITNESS.—The letter you show me on paper of the Hotel St. Francis, dated Sept. 5, 1911, together with the enclosure headed "Strictly confidential," were received by me. (Said letter and enclosure were introduced and read in evidence, marked U. S. Exhibit 86, and reads as follows:)

**U. S. Exhibit No. 86—Letter, September 5, 1911,—
to "Mr. Redpath."**

(Letterhead of Hotel St. Francis.)

San Francisco, Sept. 5, 1911.

Dear Mr. Redpath:

Outside of the fact that Amile is pressing Smith the latters cable is distinctly encouraging as he says everything else is satisfactory there, and Ryan is in *Cherokee*. So that by taking care of Ameile evidently everything will be all O. K. To bring this

about I am doing all I possibly can but it does not look as though I was going to get any money before the 14th. I would advise something like the enclosed being sent to every promising prospect, with one of the old application forms changed to \$1.50 per acre for the first payment, and a like amount for the second [372] payment. To anyone who is considering an investment this will certainly appeal; and meanwhile get all the boys out to hustle up the live prospects they have in tow, and get them rounded up on this special proposition. The main thing is to get the money and get it quickly. I would return in a minute if returning would do any good, but I have no chance of getting any money there, and there is *some* chance here. It seems to me what is required now is a money getter rather than anything else, and my being in the office there to jolly up collectors would be of very little real value compared to what I may accomplish here. However, I will do what you all think is best. Address in future % Hotel St. Francis.

(Letterhead Hotel St. Francis.)

Sept. 5, 1911.

Strictly confidential.

Dear Sir:

We are obliged to raise a large sum of money before the 10th inst., and in order to do this will offer you a very special inducement to take up the lands we have reserved for you, and if you will send in your application by return mail we will accept at the rate of \$3.00 per acre, payable \$1.50 down and \$1.50 in four years. These are the identical lands we are

(Testimony of John Redpath.)

charging \$6.00 for and which will soon be \$7.00, and we are making this concession solely because of our immediate needs.

If you are in doubt as to whether you prefer agricultural or timber lands, send in your application for the number of acres desired together with your remittance at the rate of \$1.50 per acre, and you may have either that you desire. Even if you never cultivate the land, on a contract of this sort you should be able to realize a very handsome profit over its resale. Please regard this as strictly confidential, and solely for your benefit, [373] which owing to our necessities you can profit by.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 96. Fld. Oct. 28, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehart, Deputy Clerk.

The WITNESS.—I received the telegram you show me. (The cablegram referred to was introduced and read in evidence, marked U. S. Exhibit 104, and reads as follows:)

U. S. Exhibit No. 104—Cablegram, September 8, 1911,—to Panamano.

(Western Union Cable Blank.)

Sept 8 1911 2 16 PM

Panamano Los Angeles (Cal)

Amiel will not except draft must have definite answer immediately. If you can pay and when, can hold. Possibly ten days. if they (you) can make. small immediate payment. can not get away. a

(Testimony of John Redpath.)

watch is being kept. on have made a final effort. must have help. funds are urgently needed. an answer is necessary.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 104. Fld. Oct 28, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehart, Deputy Clerk.

Q. Now, on May 22d you received a check from the defendant for \$1,000.00 for the order of the Panama Development Company?

A. Yes, sir; that was to open an account with one of the banks and on the same date I received another check from him for \$1,000.00 to open a bank account. I received a check from him dated the 25th of May payable to the Panama Development Company for \$2,507.60 and on the same day another check payable to the Pan. Dev. Co. for \$4,200.00; those checks were deposited for the account of the Panama Development Company. I do not know of any other amounts received from him to be deposited to the credit of the company.

Q. Did you pay out any checks to defendant?
[374]

A. Yes, sir. I have a memorandum of those checks.

Mr. SCHENCK.—I would like to have the privilege of looking at the document the witness has now on *voir dire* examination.

Mr. REGAN.—Very well, sir.

Mr. SCHENCK.—Is this from the books of the company? A. Taken from the check-book.

Q. Taken from the check-book? A. Yes, sir.

(Testimony of John Redpath.)

Q. Where is the check-book?

A. I presume it is in the hands of the officials.

Q. Did John Grant Lyman have an account on the ledger of the Panama Development Company?

A. Yes, sir.

Mr. SCHENCK.—I ask at this time that all the books, papers, documents—that is, the ledgers, cash-book, check-book and all that, be brought in as the best evidence.

Mr. REGAN.—We will produce the check-book.

Mr. SCHENCK.—Are you going to bring in defendant's personal account book?

Mr. REGAN.—I do not think I have got it. I have some of the checks if you want them.

Q. (By Mr. REGAN.) Now I show you a check drawn on the Panama Development Company, check payable to the Howard Auto Company for \$1,000, dated June 29, 1911, and ask you whether or not you executed that check.

A. Yes, sir, at Dr. Lyman's direction.

Mr. REGAN.—(The following documents constituting United States Exhibit 108 are read in evidence as follows:)

**U. S. Exhibit No. 108, Check June 29, 1911, Panama
Dev. Co. to Howard Auto Co.**

No. 247. Los Angeles, California, June 29, 1911.

Pay to the order of Howard Auto Company \$1000
One Thousand 00/100 Dollars.

JOHN REDPATH, [375]

Vice-President.

L. R. SMITH,

Secretary.

To the National Bank of California, Los Angeles.

[Endorsed]: Pay to the order of National Bank of
California, Los Angeles, Cal., Howard Auto Co.
(Stamped) Cancellation stamp showing payment.

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 199.

Los Angeles, Cal., Aug. 4, 1911.

Pay to the order of Howard Automobile Co.,
\$250.00, Two Hundred and Fifty Dollars.

PARK BANK OF LOS ANGELES, LOS
ANGELES, CALIFORNIA.

By JOHN REDPATH,

Vice-President.

By E. A. LYNN,

Asst. Secretary.

[Endorsed]: Pay to the order of National Bank of
California, Los Angeles, Cal. Howard Auto Co.
(Stamped paid.)

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 426.

Los Angeles, California, August 12.

Pay to the order of Howard Automobile Co.
\$144.90, One Hundred and Forty-four 90/100 Dol-
lars.

PANAMA DEVELOPMENT COMPANY,
J. M. REDPATH,
Vice-President.
L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles,

[Endorsed]: Pay to the order of National Bank of
California.

(Stamped paid.)

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 266.

Los Angeles, California, July 6th, 1911.

Pay to the order of the First National Bank
\$200.00, Two Hundred Dollars.

JOHN REDPATH,
Vice-President.
L. R. SMITH,
Secretary. [376]

To the National Bank of California, Los Angeles.

[Endorsed]: Cr. to Teresa S. Maier.

(Stamped paid and cancelled.)

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 146.

Los Angeles, Cal., June 10, 1911.

Pay to the order of John G. Lyman, \$1000, One
Thousand/00 Dollars.

JOHN REDPATH,
Vice-President.
L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles.

(Stamped) (Perforated) Paid 6/12/11.

[Endorsed]: John G. Lyman.

(Stamp) Los Angeles Clearing House.

First National Bank. June 12, 1911. 5.

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 167.

Los Angeles, California, July 21, 1911.

Pay to the order of Cash, \$100.00, One Hundred
Dollars.

JOHN REDPATH,
Vice-President.
By E. A. LYNN,
Asst. Secretary.

Park Bank of Los Angeles, Los Angeles, California.

(Perforated stamp:) Paid 7/21/11.

[Endorsed]: J. G. Lyman.

(In pencil) "Cashed in office." [377]

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 352.

Los Angeles, California, July 27, 1911.

Pay to the order of John G. Lyman, \$500, Five
Hundred Dollars.

JOHN REDPATH,
Vice-President.

L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles.

(Cancelled paid.)

[Endorsed]: John G. Lyman.

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 369.

Los Angeles, California, August 1, 1911.

Pay to the order of John G. Lyman, \$1000.00.

JOHN REDPATH,
Vice-President.

L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles.

(Cancelled paid.)

[Endorsed]: John G. Lyman,
E. A. Lynn.

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 372.

Los Angeles, California, August 2, 1911.

Pay to the order of John G. Lyman, \$100.00, One
Hundred/00 Dollars.

JOHN REDPATH,
Vice-President.
L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles.

(Cancelled paid.)

[Endorsed]: John G. Lyman.

Panama Development Company,

JOHN REDPATH, V. P.

(In pencil) "Cashed in office." [378]

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 198.

Los Angeles, Cal., Aug. 3, 1911.

Pay to the order of John G. Lyman, \$500.00, Five
Hundred/00 Dollars.

By JOHN REDPATH,
Vice-President.

By E. A. LYNN,
Asst. Secretary.

Park Bank of Los Angeles, Los Angeles, California.

(Cancelled paid.)

[Endorsed]: John G. Lyman.

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 227.

Los Angeles, Cal., Aug. 25, 1911.

Pay to the order of J. G. Lyman, \$240.74, Two
Hundred and Fofty 74/100 Dollars.

By JOHN REDPATH,
Vice-President.

By E. A. LYNN,
Asst. Secretary.

Park Bank of Los Angeles, Los Angeles, Cali-
fornia.

(Cancelled paid.)

[Endorsed]: J. G. Lyman."

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 462.

Los Angeles, Cal., Aug. 25, 1911.

Pay to the order of J. G. Lyman, \$227.90, Two
Hundred and Twenty-seven 90 Dollars. [379]

PANAMA DEVELOPMENT COMPANY,
JOHN REDPATH,
Vice-President.

L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles.

[Endorsed]: J. G. Lyman.

(Stamped cancelled paid.)

(Testimony of John Redpath.)

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 238.

Los Angeles, August 28, 1911.

Pay to the order of J. G. Lyman, \$300.00, Three
Hundred Dollars.

By JOHN REDPATH,
Vice-President.

By E. A. LYNN,
Asst. Secretary.

Park Bank of Los Angeles, Los Angeles, Cali-
fornia.

[Endorsed]: J. G. Lyman.

(Stamped cancelled and paid.)

PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

No. 135.

Los Angeles, California, June 8, 1911.

Pay to the order of ourselves \$1,000.00, One Thou-
sand Dollars.

L. R. SMITH,
Secretary.

To the National Bank of California, Los Angeles.

[Endorsed]: Panama Development Company by
John Redpath, Vice-President.

(Stamped Cancelled and paid.)

[Endorsed]: 672-Crim. U. S. Exhibit No. 108.

“The WITNESS.—Dr. Lyman told me that the
check dated July 6, 1911, to order of the 1st National
Bank for \$200 was for rent for his house on Hobart

(Testimony of John Redpath.)

Boulevard. The check dated June 10 to order of John G. Lyman for \$1000 was cashed in the office. The check dated July 21, to order of cash for \$100, [380] and all the checks made payable to the order of Lyman were delivered to the defendant. I drew checks against the Panama Development Company at all times on the Order of Lyman."

Q. Now, when Mr. Smith left for Panama did Lyman give him any direction as to what you were to do in the office with reference to taking charge of it?

A. He suggested that Mr. Boyr should go over to Mr. Smith's desk.

Q. Did you ever see any contracts such as United States Exhibit 46, commonly known as the land agreement here? Did you ever see any of these executed by Dr. Lyman?

A. Yes, sir, I filled them out, at Dr. Lyman's direction. I think there were five of them.

Q. I have reference now to the transactions now with Mr. Colton.

A. I saw in his possession, one or two of them. Colton was going north to push the Panama Development Company lands for sale, the defendant said that the use of these contracts would help the sale of the land.

Q. I show you these three land agreements and ask you whether or not they are executed in your writing, with the exception of the signatures at the bottom?

(Testimony of John Redpath.)

A. Yes, sir. And the ones given to Colton were similar to these.

Mr. REGAN.—I now offer in evidence three land agreements which the witness has just identified, and asked that they be marked United States Exhibit 109. The form of them is the same as United States Exhibit 46 and I will read to you the writing in here. This agreement is made the 8th day of May, 1911, by and between the Panama Development Company and John G. Lyman. The amount of land is 1,000 acres in the Province of Coclé. The party of the second part agrees to pay \$2.50 for each and every [381] acre located and \$2.50 further within a period of four years. Signed, Panama Development Company by John Redpath, Vice-President, John G. Lyman (Seal) and signed, sealed and delivered in the presence of L. R. Smith, Secretary.

The second one of these land agreements bears the same date, the 8th day of May, 1911, for 1,000 acres of land suitable for the cultivation of bananas in the Province of *Panama*, signed by the Panama Development Company, John Redpath, Vice-President, John G. Lyman. Signed, sealed and delivered in the presence of L. R. Smith.

The third is dated the 8th day of May, 1911, between the Panama Development Company and John G. Lyman, for 1,000 acres in the Province of Coclé, sugar land. The contracts were not executed the 8th day of May as therein stated, but subsequent to that time at Lyman's direction.

(To which it was heretofore stipulated by and be-

(Testimony of John Redpath.)

tween the Attorney for the United States and the Attorney for the defendant that an objection was deemed taken on the ground that the method of procurement of this Exhibit was in violation of the Fourth and Fifth Amendments to the Constitution of the United States and on the rulings in the U. S. v. Boyd, and defendant's exception to each and all the rulings on the said objections were duly and regularly taken and allowed.)

Q. I now show you these duplicates of the land agreements, just identified by you as United States Exhibit 109, and the original power of attorney in reference to the same, and two others, and I will ask you whether or not these were executed by you at the same time. A. Yes.

Mr. REGAN.—We offer the same in evidence and ask that they be marked United States Exhibit 110.

(The said instrument so offered in evidence was marked United States Exhibit No. 110.) [382]

Q. Did you ever transact any business as an officer in the Panama Sugar Estates Company, Limited?

A. No, sir.

Q. Or the Tropical Products Company, Limited? Or ever sell or issue any of the stock of the same—of either company? A. No.

Q. Did you know or have any record of the stock of either of the last two companies named being sold in England? A. No, sir.

Q. Were you ever interested in any way in the Basin-Wyoming Company?

A. No, sir. The \$1,000 check mentioned in U. S.

(Testimony of John Redpath.)

Exhibit 4 was issued in favor of the Stoddard Incorporating Co. at Lyman's direction.

Q. Now, after Lyman had gone to San Francisco and after you had these telegraphic communications with him and exchange of letters, did you take any steps then in reference to the Haldeman transaction?

A. I took steps in all of the transactions so far as that goes.

Q. To try to undo them or try to prevent their going any further?

A. I did. The first steps I took in that regard was about the 7th day of September. I went to the offices of Pratt & Reach, attorneys that I knew. After conferring with them I returned to the offices of the Panama Development Company and closed up the office of the Panama Development Company—locked it up.

Q. And you and Mr. Reach took possession of the papers that were in there, did you?

A. I believe the Sheriff did, or we took the papers out. I don't know whether it was through the Sheriff. I put the things [383] in the hands of my attorneys and then I went to the office in the Consolidated Realty Building. Mr. Reach took possession of the papers that were in the Consolidated Realty Building and took them to his office.

Q. And as far as you know after you closed the office of the Panama Development Company on the 7th day of September, the office was never opened after

(Testimony of John Redpath.)

that and no business has been transacted there, so far as you know?

A. No, sir. Lyman told me that the lands appearing on U. S. Exhibit 43 were government lands which the company had on sale as its agent.

Cross-examination.

(By Mr. SCHENCK.)

When did you first take up your duties with the Panama Development Company?

A. About the first week in May, 1911.

Q. Do you remember this exhibit—whatever the number of it was—the stock certificate book, United States Exhibit 71? When did you first see that book that you remember of?

A. It must have been about the middle of May, I should think. I cannot give the date exactly.

Q. I want you to give it as near as you can. With reference to the date on these certificates, which was May 16th, do you know whether your signature was put on here underneath as a correct date? That is to say the 16th is the first time you saw the book and that is the correct date that you signed the certificates. Look at the certificates themselves.

A. I think this is the date. I signed them in the office of the Panama Development Company.

Q. Did you, or did you not, execute a note to the Panama Development Company on that date. At least, whatever date it [384] was that the certificates were issued, on that same date you issued a note.

(Testimony of John Redpath.)

A. I don't know whether I did or not. I don't remember.

Q. I mean your own personal note, where you would be obliged to pay the sum of \$10,000. An ordinary promissory note, signed by you as an individual, creating an individual liability against you. Do you say that you don't remember such a transaction?

A. I may have signed such a note, but I have no recollection at the present time. I won't say whether I did or not.

Mr. SCHENCK.—We ask the Government to produce such note, taken from the possession of the Panama Development Company, found in the safe, and also another one executed by Mr. Smith for \$10,000, and another issued by Pottinger—three promissory notes.

Mr. REGAN.—I never saw them.

The WITNESS.—I have no recollection of signing such a note.

Mr. SCHENCK.—Where did you last see the certificates which you now hold in your hands, being part of Government Exhibit 71? Where did you next see them after you signed them, whatever date you did sign them?

A. I didn't see them until after the office of the Panama Development Company was closed.

Q. And from the date you put your signature upon these certificates of stock and from thence forward up to the time the office was closed, you never saw those certificates? Is that your testimony?

(Testimony of John Redpath.)

A. Yes, sir. After the office was closed they were taken to Pratt & Reach's office.

Q. Where did you get them from to take them there?

A. They were taken out of the safe. [385]

Q. Weren't they in an envelope?

A. I couldn't say whether they were or not. I don't remember. I do not know who folded them up.

Q. You testified here yesterday, or the day before, that that stock had never been issued, didn't you?

A. Yes, sir.

Q. If you don't know who took them out of the book and they were all signed the last time you saw them in the book, they may have been issued then?

A. No, I think they were in there all the time; in fact, I am satisfied they were.

Q. You just testified you saw them in the safe. They were not in the book then?

A. I think they were. I won't say they were torn out of the book, but they were stuck back in the book.

Q. You just stated awhile ago that they may have been in an envelope.

A. I am not sure whether they were or not.

Q. You say you closed up that office down there?

A. Yes, sir.

Q. On what date?

A. It was the 7th of September.

Q. And at that time you knew the defenadnt was in jail in San Francisco, didn't you?

A. No, I did not.

(Testimony of John Redpath.)

Q. Who was in company with you when you closed up the office?

A. Mr. Lynn, Mr. Byrd and I don't recall who else was in the office. Also Miss Clark and all the others were there at the time.

Q. When was the first time you saw there at that office, either anyone connected with the Government service, or the [386] Government officers or state officers?

A. I have never seen any such officers there. I put my affairs in Pratt & Reach's hands and came over here, and whether they went to the sheriff's office or not and at the instigation of the sheriff closed up the office, I can't say.

Q. You just testified a few moments ago that you closed it up. Now, you say you don't know whether the sheriff closed it up at their instigation or not. Who did close it up, you or the sheriff?

A. We closed it up but the sheriff that night put a lock on the door, a padlock. I believe I saw him do it.

Q. Then you did see a state officer there?

A. That was not in the office. That was outside. On the 7th day of September. The only time we went back there was when we took out the stuff.

Q. What do you mean by "we"?

A. Mr. Reach or Mr. Pratt and myself.

Q. When you took out what stuff?

A. When we took out the books, papers, etc., from the office.

Q. "Books, papers, et cetera," does that mean

(Testimony of John Redpath.)

everything in the way of books, documents, writings and other papers?

A. Yes, sir. I took them to Pratt & Reach's office. That is the last place I ever saw them.

Q. Do you know who turned them over to the United States Government?

A. Pratt & Reach, my attorneys.

Q. At your direction?

A. My attorneys did that.

Q. At your direction? A. I don't know. [387]

Q. Did you give them any such direction?

A. Not that I know of. It was in the hands of my attorneys; they took full possession. We took the stuff out prior to the sheriff putting the lock on that night.

Q. Now, then, assume that these dates—that this date, May 16th is the correct date— Can you fix definitely the date upon which you went to work for the Panama Development Company?

A. I can't fix definitely. It was probably about the first week in May.

Q. Now then, I understood your testimony, and I wish you would correct me if I am incorrect—I understood your testimony that you never knew that you were an officer of the Panama Development Company until you saw it on Government Exhibit 48, being a brown circular?

A. Yes, sir. And from that time until I saw that circular, I never knew that I was an officer. I supposed I was a salesman only.

Q. And did you hold out only as a salesman?

(Testimony of John Redpath.)

A. Yes, sir.

Q. Now then, generally speaking, your line of work in life has been in insurance business?

A. Yes. I was also in the banking business.

Q. You say you were hired by the defendant at \$50.00 a week in order to take charge of agents and to hire them, and, I suppose to discharge them.

A. And to sell land. I did not fix any salaries. I simply hired them without fixing their salaries. I did not hire Mr. Lynn, nor Mr. Pentland, nor Mr. Barry, nor Mr. Byrd nor Mrs. McDonald, nor Mr. Smith, nor Mr. Norton. I didn't hire anyone but Mr. Maynard. I don't know any other agents that were working for the company. I never saw a mortgage for \$5,000 in favor of the Panama Development Co., executed by the Basin [388] Oil Co. This man Haldeman at Riverside was a personal friend of mine. First he saw an ad in a paper or one of the circulars and came to the office. I met him first at the office. I negotiated the deal with Haldeman. I never took any commissions. My commissions went to my credit, and I was allowed to draw \$50.00 per week. I never took any money out of the company for commissions, or for anything else except \$50.00 per week. The commissions in my deals were 10%. I had that arrangement with Dr. Lyman. In the Leach transaction, which I have spoken of, I did not claim any commission. I helped put it through. It was Mr. Maynard's customer. It was expected that these commissions would be divided. I didn't hear any conversations between Haldeman and the de-

(Testimony of John Redpath.)

fendant in this case. The negotiations were completed by Dr. Lyman and myself as regards what we were to give him, and that was satisfactory to Mr. Haldeman. I placed a valuation of seventeen or eighteen thousand dollars on the Haldeman property and a 10,000 valuation on the equity.

Q. What was the consideration for the issuance of that stock to you that is here in evidence now?

A. I don't know. The stock—Dr. Lyman told me to make out the certificates of stock and I obeyed him. There was no consideration at all. Mr. Smith, myself and Dr. Lyman had access to the safe. I never actually had the stock in my possession. I asked Dr. Lyman why it was that he was making a present to me of 10,000 shares of stock, but I don't remember what answer he made. Dr. Lyman told me that the stock was not to be taken out of the safe. I didn't ask him why because I was satisfied with his explanations.

Q. Was there any contract entered into by or on behalf of the company with Dr. Lyman?

A. Not that I know of. So far as I know there wasn't a single share of stock in his name out of that stock-book. [389]

Q. Well, as vice-president and director of the company you know of no stock being held by him?

A. Except that he told me he was a large stockholder in the Panama Development Company.

Q. But you had access to the stock-book all the time, didn't you?

A. Yes, sir; the book was in the safe most of the time.

(Testimony of John Redpath.)

Q. And you knew you had signed as vice-president the stock that had been issued, didn't you?

A. I didn't know that.

Q. As a matter of fact, you knew at all times that you and Smith and Guardia had absolute control of that corporation, and not tied up in any way by any contractual relations with the defendant?

A. I knew I was an employee of Doctor Lyman. That is all I knew.

Q. And whatever he did, or whatever he asked you, you did not question at all, in the way of signing the documents?

A. I have questioned him and his answers were always satisfactory at the time.

Q. (By Mr. SCHENCK.) This government exhibit 73, being a letter addressed to R. G. Dunn & Company, May 27, 1911, and signed by you as vice-president of the company, what was the object and purpose of that statement to R. G. Dunn & Company?

A. R. G. Dunn & Company requested a statement. The request was made to me and the figures on the statement I got from Dr. Lyman. I knew nothing about those figures. I took no occasion to investigate as to their correctness. I asked Dr. Lyman about the figures. I did not ask the bookkeeper, nor did I see the books. I knew that Dr. Lyman was not a director of the corporation at that time and I knew that I was a director.

Q. Did you know at that time that as a director of the [390] corporation you were bound to know the truth of the statements that you should issue over

(Testimony of John Redpath.)

your signature as an officer of the company?

A. I am sorry to say that I did not.

Q. Didn't you know under the laws of the state of California that it was a criminal offense?

A. I didn't know it then.

Q. You do now? A. I know it now.

Q. With reference to the statement here to Bradstreet's, did you make any investigation as to any of the statements made here?

A. The part to Dun & Bradstreet that I knew of was the cash. The other statements were made by Lyman.

That statement, which is Government Exhibit 72 for identification, was made out by Dr. Lyman and brought over to me to sign, and I signed it without investigation as to the truth or falsity of it. I can't say what time it was that I signed all the minutes of the corporation. It may have been in August—I think it was. It may have been in July, but probably in August. I signed only those minutes that are in the minute-book, and no more that I know of. I never took part in any meetings whatsoever.

Q. And you knew that the statements over your signature—that is you did not know but what the statements over your signature were absolute falsehoods?

A. I believed them to be the truth, and I signed them at the request of my employer.

Q. And you signed them simply because he was your employer? A. Yes.

Q. And this meeting dated August 8th, for the

(Testimony of John Redpath.)

reduction of the capital stock signed by you as vice-president, showing a [391] resolution to reduce the capital stock so far as you were concerned, or so far as your being present was concerned, is an absolute falsehood certified to by you?

A. I signed what Dr. Lyman laid down there.

Q. And you afterwards forwarded a certified copy of that to the secretary of State of Arizona, for the purpose of effecting a reduction of the capital stock?

A. It went there.

Q. You know it went there?

A. I don't know that it did. I don't think I sent it. I don't know whether I did or not. I presume I either sent it or caused it to be sent.

Q. At the time of signing it you knew it was false?

A. No.

Q. You didn't know that it was true?

A. No, sir.

Q. You know that no such meeting was held?

A. Yes.

Q. So you must have known it was false?

A. I was simply under orders to send it away, so far as I know. I signed the minutes of the meeting authorizing the Haldeman deal. I know that no such meeting was held. I put through the deal and I did what Mr. Lyman told me. He had figured up how much land he would give—Haldeman accepted the proposition and I put the deal through.

Q. At the time you put your signature on there (the minutes of the meeting of August 15th, 1911), you knew that that was an absolute falsehood, did

(Testimony of John Redpath.)

you? A. No such meeting took place.

Q. Please answer the question.

(Argument.)

A. Well, I must say yes. [392]

My attorneys took away everything from the office, including this minute-book.

Q. At a meeting of August 15th, a meeting of the Board of Directors of the Panama Development Company, held at the office of the company, 216 Mercantile Place, Los Angeles, California, at 12 o'clock noon, on the 15th day of August, 1911, Present Messrs. E. A. Lynn, I. N. McDonald, John Redpath and L. R. Smith. On motion duly made and seconded by vote of all directors present, the following resolution was unanimously adopted: Resolved, that the Panama Development Company, a corporation, do mortgage for the sum of \$1100, the following property, to wit: Lot 285 Edendale Tract, Los Angeles County. And the president and secretary of the said corporation are hereby authorized to execute and deliver on behalf of said corporation a mortgage covering said land in the usual form in use in California, on receipt of the said sum of \$1100. Given under our hand and seal this 15th day of August, 1911. Adopted. Panama Development Company, by John Redpath, Vice-president. By E. A. Lynn, assistant secretary. At the time you put your signature on there you knew that that was an absolute falsehood, did you? A. Well, I must say yes.

Q. Did you know at that time whether a statement made over your signature showing what purported

(Testimony of John Redpath.)

to be a director's meeting, which was in fact false, would or would not subject you to a penalty under the laws of the State of California?

A. I did not know about the laws of the State of California at all. I remember United States Exhibit 75, same being a promissory note for \$23,000. I made no investigation whatsoever to find out whether the books showed Lyman was a creditor of the corporation to any extent. I took his word for it. He had the note made out and we signed it. I have never seen a letter from the senior Guardia nor from Mr. Quelquejeu accepting the position [393] on the advisory board. I did not certify to any minutes of the board of directors or purported minutes of the meetings of the board of directors to be forwarded to Mr. de la Guardia. I never did hear of a request from him for any certified copy of the minutes to be sent first to San Francisco, and then *vised* by the consul at San Francisco, and then to be sent to Mr. de la Guardia. I never did hear of a request coming from de la Guardia to have the Articles of Incorporation authenticated by the Panamanian Consul.

Q. Did you ever hear of the minutes of the meeting of the Board of Directors which elected Mr. de la Guardia president being certified and signed by you for the purpose of being sent to the consul of San Francisco to be *vised* by him and thereafter to be sent to Mr. de la Guardia?

A. I have no recollection of it.

Q. Do you remember whether you did or did not

(Testimony of John Redpath.)

draw a check for the consul's charges at San Francisco?

A. I have a recollection of drawing a check for the consul at San Francisco, but what that recollection was I cannot tell. I must have known at the time what I was sending money to the consul for, but I can't recollect what it was.

I closed the office on the date of the telegram, September 7th.

Q. Well, up to that time you had been in sympathy with the business of the Panama Development Company—that is, lending every effort of yours to carry out its objects and purposes, had you not?

A. At that time. Up to within about three or four hours of that time, I was absolutely in sympathy; that is to say, I was employed there, and I was using my best ability to get things ahead. All the information that I gave Mr. Haldeman was information that I had gotten by word of mouth from the defendant. [394] I tried to make sales to several people but failed. For instance, I went to see a man on Hobart Boulevard, near Dr. Lyman's house; he sent me out to him and I tried to make a trade for his property at the corner of Hobart and some other street.

Q. We will say, from the time you went there about the 15th or 16th of May, or, as you say, the middle of May, up until twenty-four hours prior to the time this telegram (U. S. Ex. 102) was sent, you were doing the best you could in endeavoring to interest people in Panama lands and in the business

(Testimony of John Redpath.)

of the corporation, Panama Development Company?

A. I was doing the best I could.

Mr. SCHENCK.—Now, then, about twenty-four hours before this telegram was sent that you were to meet him in San Francisco, you had received prior thereto a telegram United States Exhibit 98, which reads: "Cheer up. Have arranged to secure five thousand dollars which will be available on Tuesday, meanwhile you can arrange to draw on me at St. Francis Hotel, a draft at five days sight for two thousand dollars. It ought to help some." (Signed) "L." Now, then, did you draw on him for that?

A. No. I did not leave Los Angeles. Neither did Lynn. Instead of going to San Francisco, I simply closed up the office and that night after I closed it up I went there and took all the papers. My attorney took all the papers, I was with him. I did not tell him to go down and take them.

Q. Now, did you practically take everything there was there, in the way of documents and papers?

A. As far as I know.

Q. And is it not a fact that after that you went over to the office of Dr. Lyman in the Consolidated Realty Building and took from there papers?

A. The same evening, after dark. Mr. Reach, my attorney went there with me. [395]

Q. Did you take from there practically every paper, document and book?

A. I think so. I don't think there was anything left.

Q. Did you have a search-warrant? A. No.

(Testimony of John Redpath.)

Q. Did you have any writ, order or process?

A. I don't know whether we did or not. My attorney was doing it. I put the matter in his hands.

Q. Did you instruct him to go to Court and get any writ, process, order or subpoena of any kind, or search-warrant of any kind, in order to go over there and take possession of every paper, book and document there was in it? In that office?

A. No, I did not instruct him.

Q. Where were these papers then taken? That is, by these papers I mean that were taken from the Panama Development Company on Mercantile Place, those that were taken from the private office of Dr. Lyman in the Consolidated Realty Building?

A. Taken to the office of Pratt & Reach, Attorneys. I went with them.

Q. Well, did you go back the next day, or did you that night sort them out and see what you had succeeded in getting in that expedition, as you might call it?

A. No, I did not go back there the next day. I went to the office of Mr. McCormack, United States District Attorney.

Q. And did you take the papers and documents with you?

A. No, I did not take them. I don't know when they were removed.

Q. Did you order them removed from your attorneys? A. No, sir.

Q. Did you instruct your attorneys to take them to Mr. McCormack? [396] A. No, sir.

(Testimony of John Redpath.)

Q. Do you know as a matter of fact, that some of the papers, all of them were brought up here?

A. I don't know. I presume that afterwards they were brought up. I did not make an inventory of all the papers which had been taken.

Q. Did you know anything about the bookkeeping system of the Panama Development Company?

A. No, I did not. I don't know how many books were kept. I don't know the names of the books. I don't recall whether there was a Journal there. I don't know whether there was one book or twenty.

Q. And were you, during the time that you say you spent over here in the room, engaged in tabulating, sorting out, filing and marking the various papers and documents and books and records which you and Mr. Reach your attorney succeeded in getting that night that you took them?

A. I did the best I could to straighten out the books and papers. I was not an employee of the Government under salary. I expected no reward whatever.

Q. Then, on the whole we may surmise your testimony is not that each one of these statements signed by you, and by that I mean the note for \$23,000, the various contracts and certificates of stock, the minutes and all the rest of it here—wherever your name appears, you have simply signed it in full faith and confidence in the statements made to you by Dr. Lyman, without any investigation as to the truth or knowledge of the truth, falsity, correctness or incorrectness of the thing signed? A. I have.

(Testimony of John Redpath.)

Redirect Examination.

By Mr. REGAN.—I have neither as an individual, or as an officer of the [397] Company ever tried to sell through the Panama Development Company, at the direction of Lyman, any lands except Government lands in Panama.

Q. In what capacity did you undertake to sell the lands?

A. As agent of the Panamanian Government. The Company being the agent. I received the original of the copy of the letter you show me and it was in reply to that that I signed and sent U. S. Exhibits 76, (the copy of letter identified was marked U. S. Exhibit 111 for identification).

Recross-examination.

Q. You stated upon redirect examination that every effort you made to sell lands you were attempting to sell them for the government in the capacity of agent of the Panamanian Government?

A. Yes, sir.

Q. Will you tell the Court and Jury why it is that when you furnished the statement of your assets and liabilities to the Security Savings Bank you did not tell them that the Panama Company was your principal, and furnished them with their assets and liabilities?

A. I can't answer that question because Mr. Lyman gave all those statements for the banks and Dunn.

Q. And this statement to the stock exchange, you did not have anything to do with the dictation of that

(Testimony of John Redpath.)

at all? A. None at all. No, sir.

Q. You simply signed it after it had been written?

A. I did.

Q. You signed it knowing that the report was to be of the financial standing of the agent instead of the financial standing of the principal, the principal being the Panamanian Government? [398]

A. Yes, sir.

Q. You said you told them further over there that the Company was the agent of the Panamanian Government? Over at Bradstreet's and Dun's?

A. Yes, sir.

Q. Did you do all the talking to Dun and Bradstreet with reference to that report?

A. I believe I did all the talking. I don't know whether Mr. Smith did any talking or not, but I think not.

Q. They didn't ask you to give any statement of the resources and liabilities of the Panamanian Government, your principal. A. No, sir.

Q. Did you have on hand cash on hand when you made those statements to the Security Savings Bank and Bradstreet and Dun?

A. Yes, sir. So far as I know we had that on hand.

Q. You had that on hand to your credit in the bank? A. Yes, sir. I knew that,

Testimony of Lewis F. Parsons, for Plaintiff.

LEWIS F. PARSONS, called *called* and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

(Testimony of Lewis F. Parsons.)

My name is Lewis F. Parsons. My business is that of Manager of the Los Angeles Stock Exchange. I received an application from the Panama Development Company, a corporation, to list its stock in Los Angeles, in May or June of 1911.

Q. I show you United States Exhibit 111 for identification and ask you whether or not, after receiving that application you sent the original of that letter as addressed there? [399]

A. I did, and in reply to my letter I received U. S. Ex. 76.

Mr. REGAN.—I now offer in evidence United States Exhibit 111 for identification and ask that it be marked United States Exhibit 111.

(The said letter so offered in evidence is marked United States Exhibit 111, is read in evidence and is as follows:)

**U. S. Exhibit No. 111, Letter, June 2, 1911, — to
John Redpath.**

“June second
1911

Mr. John Redpath, V. Pres.

Panama Dev. Company.

216 Mercantile Place,

Los Angeles, Cal.

Dear Sir:—

I brought the matter of the listing of your company to the attention of the Board of Directors at their regular weekly meeting on Thursday of this week and desire to secure from you further information in regard to the status of affairs before the Board passes on the Company in any way.

(Testimony of Lewis F. Parsons.)

I wish therefore to ask you to furnish me with a more detailed statement as to the source of income and also, kindly, in answer go into particulars as to the nature of the business to be carried on by your concern.

Also, your statement of resources and liabilities would have to be more specifically itemized than the statement furnished us. For instance: Under the head of mortgages and loans kindly itemize so that we may get some idea of what these mortgages and loans consist. The same would also be the case with "Bills of Exchange" and "Cash Advanced."

As none of our directors are acquainted with any of the gentlemen on your directorate, it will be necessary to furnish [400] references as to their standing, etc.

As soon as we hear from you on this matter will again place the listing before our Board of Directors.

Hoping to hear from you in the near future,

I beg to remain,

Your very truly,

Manager & Ass't Sec'y."

The said United States Exhibit 111 was sent to the witness in answer to United States Exhibit 76, which Exhibit 76 is a statement of the Assets and Liabilities of the Panama Development Company furnished to R. G. Dun and Company.

Cross-examination.

Q. With whom did you talk about this—about listing the stock?

(Testimony of Lewis F. Parsons.)

A. I think Mr. Redpath came to the office the first time. I am not positive.

Q. You never did talk to the defendant, John Grant Lyman?

A. I don't think I ever saw him at that time.

Q. Did you gain any impression at that time that it was the Panamanian Government that was the real owner of the Corporation?

A. I didn't get any impression whatever.

Testimony of R. B. Hardacre, for Plaintiff.

R. B. HARDACRE, called *called* and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is R. B. Hardacre. I reside 4063 West Seventh Street in Los Angeles. I am Assistant Cashier of the Security [401] Trust & Savings Bank, and was such in 1911. I remember Mr. Redpath coming to me about opening an account under the name of the Panama Development Company, in May, 1911. I had a conversation with Mr. Redpath at the time the account was opened. I told him at that time that we wouldn't care to have him use the name of our bank as a reference in any of his literature because we were not sufficiently conversant with his business to be in shape to give a fair estimate of their standing. I subsequently had a conversation with him with reference to the use of our name. I discovered that our name was being used in some of the literature and I sent for Mr. Redpath and asked him to call on me and he did so and I told him that our understanding had been that he would not use it and

(Testimony of R. B. Hardacre.)

asked him to immediately discontinue using it. He said then that it was issued bearing our name without his knowledge. He had not understood that it would be so done, but that they continued to use it and I asked him to withdraw the account from the bank which he did.

Cross-examination.

By Mr. SCHENCK.—I am an assistant to Mr. Longyear. As nearly as I can recollect I started the conversation about using the bank for reference.

Q. You think when they opened the account you positively had some fear that they might use your name and you told him before hand?

A. That is correct. We don't usually start out when a man opens an account by telling him the things that he cannot do. This is an exceptional case in that regard. I did it of my own volition. The question was brought up *by* whom he (Redpath) could refer us to as to the standing of the Company. I am not positive but I presume he did tell me he was vice-president of [402] the company. I don't remember the conversation very distinctly. Not as to words, but in substance.

Testimony of H. S. McKee, for Plaintiff.

H. S. McKEE, a witness called for the United States, after being duly sworn testified as follows:

My name is H. S. McKee. I live in Los Angeles. I am cashier of the National Bank of California and was such in 1911. I remember Mr. Redpath who has been testifying in court, coming into our Bank and opening an account for the Panama Development

(Testimony of H. S. McKee.)

Company. I don't remember that I had any conversation with Mr. Redpath about the use of the name of the Bank as a reference. We had some correspondence with him.

Q. I will show you this letter addressed to the Panama Development Company, 216 Mercantile Place, Los Angeles, dated "June 9, 1911,—and ask you whether or not you sent the original of that to the Panama Development Company? A. Yes.

Mr. REGAN.—We now offer the same in evidence and ask that it be marked United States Exhibit 113.

(Said document was marked United States Exhibit 113, read in evidence and the same is as follows:)

**U. S. Exhibit No. 115, Letter, June 9, 1911, — to
Panama Dev. Co.**

"June 9, 1911.

Panama Development Company,
216 Mercantile Place,
Los Angeles.

Gentlemen:—

We are in receipt of a circular on which we note that our name is used as reference and I beg to advise that as a matter of general policy we dislike to have our name used in this [403] way upon any advertising matter of any kind. We will therefore be obliged if you will discontinue the use of it.

Yours very truly,

Cashier."

EPS.

(Testimony of H. S. McKee.)

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 113. Fld. Oct. 29, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy.

In answer to the foregoing letter we received the following letter:

U. S. Exhibit No. 114—Letter, June 10, 1911, John Redpath to H. C. McKee.

(Letterhead Panama Development Company.)

Los Angeles, June 10, 1911.

Mr. H. C. McKee, Cashier,
National Bank of California,
Los Angeles, California.

Dear Sir:

Your favor of the 9th instant to hand. In reply beg to state that the using of the bank name as a reference on one of our circulars was unintentional on our part. The heading "Bankers" should have appeared, instead of "Bank References." We regret the error, and will assure you that the name of your bank will not appear on our literature hereafter.

Yours very truly,

JOHN REDPATH,

RC.

Vice-President.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit 114. Fld. Oct. 29, 1911. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.

Cross-examination.

By Mr. SCHENCK.—I never saw Mr. Redpath until he opened the account May [404] 22, 1911. I do not recollect any conversation with him on the

(Testimony of W. H. McKeag.)

subject of using the bank for reference.

Q. The whole incident was opened and closed by your writing that letter and getting his reply back?

A. That is my recollection.

Q. And it was a mere matter of policy for your bank to take that stand in all cases?

A. Yes, sir, ordinarily we do.

Testimony of W. H. McKeag, for Plaintiff.

W. H. McKEAG, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is W. H. McKeag. My business is that of banking. I am connected with the Bank of Italy, formerly the Park Bank. The Panama Development Company opened an account with our bank June 8, 1911, which account was closed Sept. 7th. I don't know Mr. Redpath personally; only by sight. All that I have testified to about this account I do not know anything about personally. I only know the account was there in the bank.

Testimony of R. W. Watson, for Plaintiff.

R. W. WATSON, called for the United States, having been previously sworn, testified as follows:

My name of W. H. Watson. I am employed by R. G. Dun and Company, Commercial Agency. I remember calling at the office of the Panama Development Company in Mercantile Place, and seeing Mr. Redpath there. Mr. Redpath represented that they had been incorporated under the laws of Panama with an authorized capital [405] of \$1,000,000,

(Testimony of R. W. Watson.)

and that, that had been fully subscribed. He did not say it was fully paid up. He handed me a prospectus of the company at the time giving a list of the officers and directors of the company. I asked him what the company was organized for and he represented that the company has secured the agency for the Panamanian Government for the sale of a large tract of acreage in the Province of Chiriqui in Panama, and that it was the purpose of this company to sell this land through the Los Angeles office and other offices to be established, at price of about \$5.00 an acre, $\frac{1}{2}$ of which was to be paid in cash, and installments on the balance. He represented that the financial statement was being prepared and that he would send it to me later on by mail. That statement came later by mail. I asked him who the officers and directors of the company were and he said the president was a prominent resident of Panama. I think he said he was the son of some prominent attorney down there. He represented that I. N. McDonald had been a land operator in New York City. After receiving the statement U. S. Exhibit 73, on June 1st or 2d, I interviewed Mr. Redpath and asked him for an explanation of the various items contained in the statement. I asked him what these mortgages consisted of and he said they represented a mortgage on 160 acres of oil land in Basin, Wyoming. I asked him about the cash in banks—\$8,310, and he said it was on deposit in two banks—the National Bank of California and the Security Savings Bank. I asked him what the item entitled “Investments—\$30,000”

(Testimony of R. W. Watson.)

represented, and he said it represented 30,000 acres of land in the Province of Chiriqui owned by the Panama Development Company.

Q. Did he say that, that was what it cost?

A. Yes, sir. As to the item marked "Bills of Exchange" and Cash Advanced—\$1,000, he said it represented certain items [406] which had not been deposited and I took it to be Bills of Exchange and also some advances to agents of the company. He represented that the furniture item represented the office furniture in the office at Mercantile Place. As to the item "Bills Not Yet Due—\$4,473," he said it was sundry indebtedness of the company.

"Capital Stock issued—\$50,000?"

A. Yes, sir. I asked him if that was all the stock that was paid up. He represented that, that was the paid up capital of the company—\$50,000.

Cross-examination.

Mr. WATSON.—You say he showed you some literature. Do you think you would recognize the piece of literature he showed you if I would show it to you?

A. I think so. He gave me a small pamphlet about four or five inches long. (Showing him the brown one.)

Q. Did you see the defendant, John C. Lyman, there at that time?

A. I did not meet anyone but Mr. Redpath, and possibly the stenographer. I called at the office once or twice before I reached him. I asked for Mr. Red-

(Testimony of R. W. Watson.)

path. I think there was a sign indicating that Redpath was the manager, and having seen Mr. Redpath before I assumed that he was the one to see. I think the sign on the window read "Vice-president and General Manager," and also on some of the literature of the company. The first time I called there I didn't stay very long. Just a few minutes. He told me then that he was the Vice-president and General Manager of the corporation. He explained to me what the general line of the business was, and what they contemplated. [407]

Q. Well, stay back at first conversation. Did he tell you what he proposed to do?

A. He said they had secured, as he stated the agency for a large tract of land in Panama in the Province of Chiriqui, and they were going to act as sales agents for that land as I understood, for the Government of Panama for Government land.

Q. Did he say they had been created the agents of the Panamanian Government or that they had gotten options of the Government?

A. That they were acting as agents for the Panamanian Government. In the report that I sent out to our client, I simply gave the substance of the conversation with Redpath. We did not attempt to verify the particulars of their being agents for a foreign government.

Q. Do you remember now that you did put such a statement in your report that you sent out in answer to inquiries as to their standing?

A. I gave the representations as to their purposes

(Testimony of R. W. Watson.)

and embodied the financial standing submitted there. Mr. Redpath said that some of the stock was underwritten in England.

Q. Did he tell you anything about two certain bills of exchange drawn on a man named Pottenger in England?

A. He mentioned that he had some of that other item there of bills of exchange and money advanced in one of the other items, but not where it was from or who it was from. He said he didn't know. He represented to me that he was a director of the Panama Development Company. He represented that he was the manager of the Los Angeles office. He represented that the head office of the company was in the City of Panama, and that he was in charge of the operations here. He said he had considerable experience in Canada and also in Scotland and had been active in the banking business for years, in fact, that had [408] been his line and he hoped to establish connections later, along the same line here. He intimated that the other officers of the Panama Development Company were nominally interested in the company. By the other officers I believe he meant the secretary and assistant secretary. He said that Mr. Smith and Mr. Lynn were nominally interested in the company and it didn't cut any figure who they were.

Q. Did he tell you who his co-directors were? I notice it (the statement) does not state who the board of directors were. Did he state who constituted the board here?

(Testimony of R. W. Watson.)

A. No. All the officers and directors he knew anything about were these officers right here, but he represented that Smith and Lynn were nominally interested, and he didn't know anything about their previous history, and being nominally interested it didn't cut any figure with me who they were. But he said I. N. McDonald was in the land promotion business in New York City. I wrote to New York and was unable to obtain any account of him.

Q. Did he say they had put through any deals?

A. No, he said they were receiving considerable inquiry for their lands.

Q. Neither bought lands nor sold any?

A. He said they owned 30,000 acres.

Testimony of Celora Martin Stoddard, for Plaintiff.

CELORA MARTIN STODDARD, a witness recalled for the Government, on direct examination testified as follows:

Q. You have already been sworn and testified heretofore? A. Yes, sir.

Q. After receipt of this letter, United States Exhibit [409] 4, directing the incorporation of the Panama Sugar Estate Company, Limited, and the Tropical Products Company, Limited, did your company prepare the papers for those corporations?

A. Yes, sir, and incorporated the companies.

Mr. REGAN.—I now offer in evidence the certified copies of the articles of incorporation of the Panama Sugar Estates Company, Limited, and ask that it be

marked United States Exhibit 115.

(The said document so marked United States Exhibit 115 is read in evidence and is as follows:)

**U. S. Exhibit No. 115—Certified Copy of Articles of
Incorporation of Panama Sugar Estates Co.
“TERRITORY OF ARIZONA.**

Office of the
TERRITORIAL AUDITOR.

United States of America,
Territory of Arizona,—ss.

I, B. A. Mauk, Territorial Auditor of Arizona, do hereby certify that the annexed is a true and complete transcript of the

**ARTICLES OF INCORPORATION
OF**

PANAMA SUGAR ESTATES, LIMITED
which were filed in this office on the thirty-first day of May, A. D. 1911, at 2:30 o'clock P. M., as provided by law.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal. Done at the city of Phoenix, the Capital, this 31st day of May, A. D. 1911.

(Seal)

G. A. MAUK,
Territorial Auditor.

ARTICLES OF INCORPORATION.

BE IT KNOWN, That we, Celora M. Stoddard and M. La Rue, do hereby associate ourselves together and form a corporation under Chapter II of Title XIII, Revised Statutes of Arizona, 1901, and

acts amendatory thereto, and adopt the following Articles of Incorporation:

ARTICLE I. The name of the corporation is

PANAMA SUGAR ESTATE, LIMITED,
and its principal place of transacting business in Arizona is Phoenix, Offices may be established, business transacted and meetings of stockholders and directors held at such places within or outside of Arizona as the By-Laws of the Company shall provide.

ARTICLE II. The general nature of the business proposed to be transacted is to purchase, lease, option, locate, or otherwise acquire, own, exchange, sell or otherwise dispose of, pledge, mortgage, hypothecate and deal in farms lands, orchards, [410] groves, fruits, sugar cane, and all and any of the products and by-products of the land and soil and to act as planters and engage in any and all forms of agriculture, including the marketing, selling and disposing of any and all products; to own, buy, sell, construct or otherwise acquire and operate sugar and other mills, irrigation canals, ditches, reservoirs, canning factories, ice plants and machinery, and other property both real and personal; to carry on a general farming and planting business; to own, cancel and re-issue shares of its own capital stock and to own and vote shares of other corporations; to issue bonds, notes and other evidences of indebtedness and to secure payment of the same by mortgage, deed of trust or otherwise; to borrow and loan money; and in general to do and perform such acts

and things and transact such business, not inconsistent with law, in any part of the world, as the Board of Directors may deem to the advantage of the corporation.

ARTICLE III. The amount of the authorized Capital Stock of the Corporation is \$2,500,000. (£500,000) divided into 500,000 Shares of the par value of \$5.00 (£1) each, which shall be paid in, at such time as the Board of Directors may designate, in cash, real or personal property, services, lease, option to purchase, or any other valuable right or thing, for the uses and purposes of the corporation, and all shares of Capital Stock, when issued in exchange therefor, shall thereupon and thereby become and be full-paid the same as though paid for in cash at par, and shall be non-assessable forever, and the judgment of the Directors as to the value of any property, right or thing acquired in exchange for Capital Stock shall be conclusive.

ARTICLE IV. The time of the commencement of the corporation shall be the day these Articles are filed in accordance with law, and the termination thereof shall be twenty-five years thereafter, with privilege of renewal and right of perpetual succession as now provided by law.

ARTICLE V. The affairs of this corporation shall be conducted by a Board of not less than three nor more than fifteen Directors, by whom a President and Vice-President shall be elected and a Secretary and Treasurer appointed. The Directors shall be elected by and from among the Stockholders on the First Tuesday in May of each year. Until their

successors are elected and qualified, the following named persons shall be the Directors and Officers :

John Redpath L. R. Smith
and I. N. McDonald.

ARTICLES VI. The Directors shall adopt By-Laws for the Government of the corporation and may amend the same. They shall have power to fill vacancies occurring in the Board from any cause, and to appoint from among their number an Executive Committee which, to the extent provided by resolution or by the said By-Laws, shall have and exercise the powers granted the Directors by these Articles.

ARTICLE VII. The highest amount of indebtedness or liability to which the corporation is at any time to subject itself is \$1,500,000 (£300,000).

ARTICLE VIII. The private property of the Stockholders of the corporation shall be forever exempt from corporate debts of any kind whatsoever.

IN WITNESS WHEREOF, We hereto affix our signatures this 31st day of May, 1911.

CELORA M. STODDARD. (*S* Seal)

M. LARUE. (Seal)

[411]

Territory of Arizona,
County of Maricopa,—ss.

Before me, M. A. Pickett, a Notary Public in and for the county and territory aforesaid, on this day personally appeared Celora M. Stoddard and M. LaRue known to me to be the same persons who signed the foregoing instrument, and acknowledged to me that they executed the same for the uses and purposes therein mentioned.

Given under my hand and seal of office this 31st day of May, 1911.

My Commission will expire April 16th, 1914.

(Notarial Seal)

M. A. PICKETT,

Notary Public.

Territory of Arizona,

County of Maricopa,—ss.

I, C. F. Leonard, County Recorder in and for the County and Territory aforesaid, hereby certify that I have compared the foregoing copy with the original Articles of Incorporation of PANAMA SUGAR ESTATES, LIMITED, filed and recorded in my office on the 31st day of May, 1911, and that the same is a full, true and correct copy of such original and of the whole thereof.

Witness my hand and seal of office, this 31st day of May, 1911.

(Seal)

C. F. LEONARD,

County Recorder.

Filed in the office of the Territorial Auditor of the Territory of Arizona this 31 day of May, A. D. 1911, at 2:30 P. M. at request of Stoddard Incorporating Company whose postoffice address is Phoenix, Arizona.

G. A. MAUK,

Territorial Auditor.

(On Back) Copy furnished for certification.

Compared H to A

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 115. Fld. Oct. 29, 1913. Wm. M. Van Dyke, Clerk. By Robert Rinehart, Deputy Clerk."

Mr. REGAN.—I now offer in evidence certified copy of the Tropical Products Company, Limited, and ask that the same be marked United States Exhibit 116.

(The said document so offered in evidence is marked United States Exhibit No. 116, read in evidence and the same is as follows.)

U. S. Exhibit No. 116—Certified Copy of Articles of Incorporation of Tropical Products Company, Limited.

“TERRITORY OF ARIZONA
office of the
TERRITORIAL AUDITOR.

United States of America,
Territory of Arizona,—ss.

I, G. A. Mauk, Territorial Auditor of Arizona, do hereby [412] certify that the annexed is a true and complete transcript of the

ARTICLES OF INCORPORATION
OF
TROPICAL PRODUCTS COMPANY, LIMITED
which were filed in this office on the thirty-first day of May, A. D. 1911, at 2:30 o'clock P. M., as provided by law.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal. Done at the city of Phoenix, the Capital, this 31st day of May, A. D. 1911.

(Seal)

G. A. MAUK,
Territorial Auditor.

ARTICLES OF INCORPORATION.

BE IT KNOWN, That we, Celora M. Stoddard and M. La Rue, do hereby associate ourselves to-

gether and form a corporation under Chapter II of Title XIII, Revised Statutes of Arizona, 1901, and acts amendatory thereto, and adopt the following Articles of Incorporation:

ARTICLE I. The name of the corporation is TROPICAL PRODUCTS COMPANY, LIMITED, and its principal place of transacting business in Arizona is Phoenix. Offices may be established, business transacted and meetings of stockholders and directors held at such places within or outside of Arizona as the By-Laws of the Company shall provide.

ARTICLE II. The general nature of the business proposed to be transacted is to purchase, lease, option, locate, or otherwise acquire, own, exchange, sell or otherwise dispose of, pledge, mortgage, hypothecate and deal in farms, lands, orchards, groves, fruits, sugar cane and all and any of the products and by-products of the land and soil and to act as planters and engage in any and all forms of agriculture, including the marketing, selling and disposing of any and all products; to own, buy, sell, construct or otherwise acquire and operate sugar and other mills, irrigation canals, ditches, reservoirs, canning factories, ice plants and machinery, and other property both real and personal; to carry on a general farming and planting business; to own, cancel and re-issue shares of its own capital stock and to own and vote shares of other corporations; to issue bonds, notes and other evidences of indebtedness and to secure payment of the same by mortgage, deed of trust or otherwise; to borrow and loan money; and in general to do and per-

form such acts and things and transact such business, not inconsistent with law, in any part of the world, as the Board of Directors may deem to the advantage of the corporation.

ARTICLE III. The amount of the authorized Capital Stock of the Corporation is \$2,500,000. (£500,000) divided into 500,000 shares of the par value of \$5.00 (£1) each, which shall be paid in, at such time as the Board of Directors may designate, in cash, real or personal property, services, lease, option to purchase, or any other valuable right or thing, for the uses and purposes of the corporation, and all shares of Capital Stock, when issued in exchange therefor, shall thereupon and thereby become and be full-paid the same as though paid for in cash at par, and shall be non-assessable forever, and the judgment of the Directors as to the value of any property, right or thing acquired in exchange for Capital Stock shall be conclusive.

ARTICLE IV. The time of the commencement of the corporation shall be the day these Articles are filed in accordance with law, and the termination thereof shall be twenty-five years thereafter, with privilege of renewal and right of perpetual succession as now provided by law. [413]

ARTICLE V. The affairs of this corporation shall be conducted by a Board of not less than three nor more than fifteen Directors, by whom a President and Vice-President shall be elected and a Secretary and Treasurer appointed. The Directors shall be elected by and from among the Stockholders on the

First Tuesday in May of each year. Until their successors are elected and qualified, the following named persons shall be the Directors and Officers:

John Redpath, L. R. Smith
and I. N. McDonald.

ARTICLE VI. The Directors shall adopt By-Laws for the government of the corporation and may amend the same. They shall have power to fill vacancies occurring in the Board from any cause, and to appoint from among their number an executive Committee which, to the extent provided by resolution or by the said By-Laws, shall have and exercise the powers granted the Directors by these Articles.

ARTICLE VII. The highest amount of indebtedness or liability to which the corporation is at any time to subject itself is \$1,500,000. (£300,000.)

ARTICLE VIII. The private property of the Stockholders of the corporation shall be forever exempt from corporate debts of any kind whatsoever.

IN WITNESS WHEREOF, We hereto affix our signatures this 31st day of May, 1911.

CELORA M. STODDARD. (Seal.)

M. LARUE. (Seal)

Territory of Arizona,
County of Maricopa,—ss.

Before me, M. A. Pickett, a Notary Public in and for the county and territory aforesaid, on this day personally appeared Celora M. Stoddard and M. Larue known to me to be the same persons who signed the foregoing instrument, and acknowledged to me that they executed the same for the uses and purposes therein mentioned.

Given under my hand and seal of office this 31st day of May, 1911.

My commission will expire April 16, 1914.

[Notarial Seal]

M. A. PICKETT,

Notary Public.

Territory of Arizona,
County of Maricopa,—ss.

I, C. F. Leonard, County Recorder in and for the County and Territory aforesaid, hereby certify that I have compared the foregoing copy with the original Articles of Incorporation of TROPICAL PRODUCTS COMPANY, LIMITED, filed and recorded in my office on the 31st day of May, 1911, and that the same is a full, true and correct copy of such original and of the whole thereof.

Witness my hand and seal of office, this 31st day of May, 1911.

[Seal]

C. F. LEONARD,

County Recorder.

Filed in the office of the Territorial Auditor of the Territory of Arizona this 31 day of May, A. D. 1911, at 2:30 P. M., at request of Stoddard Incorporating Company, whose postoffice address is Phoenix, Arizona.

G. A. MAUK,

Territorial Auditor.” [414]

(On Back.) Copy furnished for certification.

Compared G. B. to S. A.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 116. Fld. Oct. 29, 1913. Wm. M. Van Dyke, Clerk. By Robert Rinehart, Deputy Clerk.

Testimony of J. J. Bradley, for Plaintiff.

J. J. BRADLEY, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is J. J. Bradley. My business is that of canvasser for the Bradstreet Company. In 1911 I was reporter for the Bradstreet Company; I went around interviewing people. I remember calling at the office of the Panama Development Company in 1911. I met first in the office Mr. Byrd and was introduced by Mr. Byrd to Mr. Redpath. The purpose of the visit to Mr. Redpath was to obtain a financial statement and condition of the officers of the Company and of the purposes of the company. The conversation I had was this: I just asked for the financial statement and particulars regarding the company. He told me some of the particulars at that time but he told me that he would send me a financial statement by mail, which he did, and I received it a day or two afterwards.

Mr. REGAN.—I now offer in evidence, United States Exhibit 72, for identification and ask that it be marked United States Exhibit No. 72.

(The said document so offered in evidence is marked United States Exhibit 72, is read in evidence and is as follows:)

**U. S. Exhibit No. 72—Statement of Panama Dev. Co.
to Bradstreets.**

Book 5, Page 34,
Bradstreets:

Referring to your representative's call requesting

particulars regarding the items on our balance sheet, copy of which was submitted to you recently, would say that the mortgage mentioned in the first item covers 320 acres of oil-bearing lands in the basin of Wyoming, which land is conservatively estimated as worth \$100.00 an acre. With this loan was given an option for one year on 50,000 fully paid shares of \$1.00 each, at 10¢ per share, to the Wyoming Oil Company. [415]

The second item speaks for itself.

The third item, under "investment," refers to a \$15,000 advance to the PANAMA SUGAR ESTATES LIMITED, which has an authorized capital of £500,000 divided into shares of \$5.00 or £1 each, which company was organized to develop 50,000 acres of land in the province of Cocle, Panama. This company has received 30,000 fully paid shares of £1 each in return for this advance of \$15,000. The shares of the Panama Sugar Estates Limited are now being sold in England at 4/- each.

This Company has also made an investment of a like amount in the Tropical Products Company, Limited, on the same terms. This latter concern is to develop a large acreage to cocoanuts and bananas, and there is every reason to believe both companies will prove marked successes, as they are in the hands of thoroughly capable men, who had made a success along similar lines. Regarding the next item, of Bills of Exchange and Cash advanced, that refers to advance made our agents in Panama, and later will be represented by purchases of land and property now in the way of consummation. So far as

(Testimony of J. J. Bradley.)

the present operations of the company are concerned, we do not require a great amount of capital, as from all the Government lands we sell we derive a profit of \$2.50 per acre, or 100%, (this is confidential) and all our sales are practically on a cash basis, and we are not asking for credit.

Yours faithfully,

(Signed) PANAMA DEVELOPMENT COMPANY,

By _____.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit 72 for identification.

That letter was received by me after I had interviewed Mr. Redpath and after I received the financial statement, concerning which I wanted further explanation. At the time I first interviewed Redpath, I asked for a financial statement of the company and he told me he could not give it to me at that time.

Cross-examination.

I don't know the date of my first visit. I think the statement was given me on or about the 27th of May, showing the financial condition of the Company on the 25th of May. He told me he was an officer. Vice-President and Manager of the Company, I believe. He did not mention the defendant John C. Lyman. He did not say who owned the stock and whether it was subscribed or not. I don't think he said how much had been subscribed, because he put that in his financial statement. [416]

Q. What did he tell you about land in Panama,

(Testimony of J. J. Bradley.)

if anything? That is, as to whether they owned any or did not own any.

A. I got the impression from him that they were acting practically as brokers; that they had agents down there or something of that kind.

Q. And were locating people?

A. No, but selling lands for the Panamanian Government. That they were buying it for \$2.50 and selling it for \$5.00.

Q. Then he gave you nothing from any of the talk he gave you—no impression that it was an instrumentality or agent of the Government itself?

A. No, I said they were acting practically as brokers.

Q. That they were buying land?

A. No, that they were in the brokerage business; that they paid \$2.50 for the land, and afterwards sold it for \$5.00.

Q. From anything he said you gained no impression that it was an instrumentality agent or arm of the Panamanian Government?

A. Not that Redpath was, no.

Q. Or the company was?

A. In that respect they might be brokers selling lands, and has some agreement with the Panamanian Government.

Q. But what that was you don't know?

A. No, I don't know what that was. I did not incorporate in my report to subscribers any statement that my impression was, or that they said they were acting as an arm or instrumentality of the gov-

(Testimony of J. J. Bradley.)

ernment. I only said that they appeared to be acting practically as brokers and selling lands. I think we had some conversation about the sugar estates company. I don't think it was incorporated. He told me something to that effect.

Q. In the face of the statement to Dun and Bradstreets of the [417] \$15,000 advance to the Sugar Estates Company?

A. I am under the impression he told me that it had not been incorporated at that time.

Testimony of W. H. Barry, for Plaintiff.

W. H. BARRY, called, *called* and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is W. H. Barry. I am a representative of the Massachusetts Bonding Company. Prior to 1912, I was in the real estate business. I had an office at 433 Consolidated Realty Building. I sold my furniture and stuff to Dr. Lyman. I asked the superintendent to have my name taken off the door, and he didn't take it off. Dr. Lyman asked me to get a store for him. I was in the real estate business. He didn't want to get on Broadway, and I went into the side street on Mercantile Place, and got it for him for a man named *M. I. McDonald* of New York, who was to come out in about ten days. I don't think I ever met *M. I. McDonald*. I used to call at the office of Dr. Lyman in the Consolidated Realty Building to see if there was anything for me—any messages or telephones. He allowed me to do that. If there were any messages or tele-

(Testimony of W. H. Barry.)

phones left with the stenographer. I guess those were all the business transactions I can recollect that I had with him. I never had any conversation with him about being a director of the Panama Development Company. I never knew it was told to me by Mr. Gray about two and one-half years ago when I was down there to the office in this building. That is the first time I ever knew of it. That was after the office of the Panama Development Company was closed. I never attended a meeting of the Board of Directors or ever heard of such a thing until this. I never knew that I was a director and officer of the Panama Sugar Estates Company, Limited, [418] or the Tropical Products Company, Limited. I never was present at a stockholders meeting of the Panama Development Company, on the 16 day of May, 1911.

Cross-examination.

By Mr. SCHENCK.—I never saw the articles of incorporation of the Panama Sugar Estates Limited, where John Redpath, L. R. Smith and I. N. McDonald are named as directors. I can't remember the date that I sold the office furniture to Lyman. I think it was around in June, 1911. I have known the defendant John Grant Lyman several years. I was casually acquainted with him in New York City.

Q. After you sold out your furniture to him you were in his office practically every day, were you not?

A. No, sir; not every day. I used to go in once in a while to see if there was any mail or telephone

(Testimony of W. H. Barry.)

messages. Hardly a week would pass when I wouldn't be there. I knew the business that Dr. Lyman was in and that the name of the corporation was the Panama Development Company.

Q. Without regard to what you ordered the store for, didn't you have several conversations with him—the defendant in this case—about the Panama Development Company and your becoming a director?

A. He wanted me to become vice-president I think. But I told him that I would not accept anything like that; that I was not familiar with and didn't want my name connected with anything that I was not familiar with and then he went and got Mr. Redpath.

Q. He went and got Mr. Redpath or Mr. Redpath came to him—you don't know which, do you?

A. I am not sure about that. It was done right away I think. At that conversation he didn't ask me to become a director. [419]

Q. Did you attempt to sell any of this land?

A. Yes *yes*. I sold a couple of pieces of land to a friend of mine.

Q. Through the Panama Development Company?

A. I took him over to Mr. Smith and Mr. Smith gave him the contract.

Q. But you didn't sell it all in a minute? It must have taken a little while to get him interested in Panama land. How long did it take you to get those two people interested in Panama land?

A. It didn't take very long to have a friend of

(Testimony of W. H. Barry.)

mine buy his land.

Q. Why? Because he took your word for the character and value of the stuff?

A. Yes, and what he had read in the newspapers.

Q. On the strength of your investigations in the public library, and what you call the glowing accounts, you were interested in getting your friends interested? A. And everybody else did too.

Q. But you did yourself?

A. Yes, sir. I got a commission for selling those lands, Mr. Smith. I received quite a number of checks from the Panama Development Company.

Q. What where they for?

A. Dr. Lyman gave me his contract to fix the store up, including the furniture which I selected and bought from Barker Bros., and the cabinet-man and the wallpaper man—different things like that, and I was to get a nice fee for that on the side to give up my business to attend to it, which I had to do, to reimburse me for that. I asked him how much and he said a [420] couple of hundred dollars he would give me after it was all completed, and I got it little by little on the installment plan. I didn't get it all down. I did not sell the land to two persons. I sold two pieces of land to one man. I read Forbes Lindsay's book on Panama through. That book gave accounts of the fertility of the soil and conditions down there.

Q. Did the defendant ever represent to you that he was an agent of the Panamanian Government as an instrumentality or what did he represent as to

(Testimony of W. H. Barry.)

how he was handling these lands?

A. He never had any conversation with me that I can remember with reference to anything like that. I never paid much attention to that at all. It was none of my business what he done.

Recross-examination.

By Mr. SCHENCK.—Did you in this case make these investigations of the monthly magazines and Forbes Lindsay's book and records in the library to see if you could establish in your mind the propriety of making an investment or recommending it to your friends through the Panama Development Company?

A. I hardly think so. I was reading the stuff in order to familiarize myself.

Q. In order to be prepared and know the conditions down there before you should recommend it to a friend?

A. Well, the newspapers spoke so highly that you didn't have to get much further. But this helped it out—reading the articles in the magazines about the land and the soil, sent from Washington.

Testimony of Mrs. Minnie A. Cooper, for Plaintiff.

MRS. MINNIE A. COOPER, *called on behalf* [421] called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is Minnie A. Cooper. I live in Los Angeles. My business is that of multigraphing. I am a member of the firm of Dougherty and Smith. In 1911 my name was Mrs. Dougherty. I remember a

(Testimony of Mrs. Minnie A. Cooper.)

Panama Development Company and its office on Mercantile Place. I did some multigraphing for them. I transacted most of my business with Mr. Smith. I transacted business once with Lyman, he gave me copy once. The rest of the time I got the copy and orders from Mr. Smith. The bills were made out to the Panama Development Company.

Q. I show you this multigraphed letter on paper of the Panama Development Company and ask you whether you received an order to multigraph some of those letters?

A. Yes, I did. That is the original copy they sent me. The date of the order is June 14th. I multigraphed those letters and sent them to the office of the Panama Development Company.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit 118.

Mr. SCHENCK.—Objected to as incompetent, irrelevant and immaterial; it has nothing to do with the case so far as I can see.

The COURT.—The objection is overruled.

(The said paper so offered in evidence is marked United States Exhibit number 118, is read in evidence, and the following is a copy thereof:)

**U. S. Exhibit No. 118—Form of Letter of Panama
Dev. Co.**

(Letterhead PANAMA DEVELOPMENT COMPANY.)

Los Angeles, June 14.

Dear sir:

The Panama Development Company is about to

advertise THE [422] PANAMA SUGAR ESTATES LIMITED, prospectus of which is enclosed herewith.

The shares are fully paid and of the par value of \$5.00 or £1 each, and it is the intention to simultaneously offer the same at \$1, or 4/- each, in Los Angeles, and London, where companies operating in tropical products are held in high esteem. This should result in an international market, with very active *dealings* in the stock.

Prior to the public offering of the shares, we are going to give those with whom we have been in communication relative to Panama lands, and opportunity to come in with us on a ground floor basis, and under the same terms as offered the directors of the Company. Pursuant to this, applications received before July 15th, will be accepted on a basis of 50¢ a share for each fully paid share of \$5.00, payable 25¢ with the application, and 25¢ from dividends as declared.

Applications under this offer will be limited to 1,000 shares, but any smaller number may be applied for on the same terms, and the form attached below should be used.

No applications will be received under this offer after July 15th.

There is every reason to expect present applicants will profit very handsomely, as they will obtain the shares at one-half the public price, and we trust you will appreciate the courtesy tendered you.

Should you desire any special information, kindly

(Testimony of Mrs. Minnie A. Cooper.)

call or write this office at once.

PANAMA DEVELOPMENT COMPANY.

PANAMA DEVELOPMENT COMPANY:

Enclosed please find check for \$——, being at the rate of 25¢ per share for —— full paid and non-assessable shares of the par value of \$5.00 or £1 each, of the PANAMA SUGAR ESTATES LIMITED, it being understood and agreed that I shall not be called upon to make any additional payments other than 25¢ a share from dividends as declared.

Name—————,

Address—————,

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 118. Fld. Oct. 30, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehart, Deputy Clerk.

Cross-examination.

By Mr. SCHENCK.—These corrections that were made on these various exhibits that you have been identifying, were any of those corrections made in your presence?

A. No, sir, not one of them. They came to me with corrections made. [423]

Q. I understood your testimony first, that there was but one of these copies here that you received from Dr. Lyman direct?

A. I cannot say which one it was. The latter part of the work I did he was in the office at Mercantile Place and gave me the copy himself. That was the only time that I had any conversation with Dr. Lyman, or did any business through Dr. Lyman, or

(Testimony of Leta Hubb.)

came in contact with him. All the rest of the time the orders placed, the work done and all business transacted was with Mr. Smith.

Testimony of Leta Hubb, for Plaintiff.

LETA HUBB, called on behalf of the United States, having been first duly sworn, testified as follows:

My name is Leta Hubb. I live in Chicago. I formerly lived in Los Angeles, in 1911. During my stay in Los Angeles in 1911, I was employed by Dr. Lyman as a stenographer. I entered his employ some time in May. I first called with reference to employment at his office, 433 Consolidated Realty Building. I did not see him at that time. I saw Mr. Smith first. I returned afterwards and saw Dr. Lyman. I was not employed at that time. He wrote me a letter and asked me to come back shortly after. I remained in his employ about three months and at all the times I was located at the office at 433 Consolidated Realty Building. My salary was \$15.00 a week. I received a check drawn on the Panama Development Company. There was stationery of the Panama Development Co. in Lyman's office. During my employment as a stenographer I took dictation from Dr. Lyman. Some of the dictation was personal. I never saw Dr. Lyman sign any of those Panama Development Company letters which he dictated to me. After I had typewritten the letters, I gave them to Mr. Lyman and he took them over to the office at Mercantile Place. Once or twice I took them over. If anybody from the other office

(Testimony of Leta Hubb.)

happened to be in at the time I had letters they would take them back. I knew Mrs. I. N. McDonald. I met her in the [424] office. She worked there as a stenographer for several weeks. I have seen her writing letters on Panama Development Company paper. People came to the office in the Consolidated Realty Building saying that they were sent from the Panama Development Company. I heard Lyman talking with some of these people that came over. I can only remember one conversation; that was with a woman from Honolulu, and that is the only conversation that I heard. He said he owned land over in Panama and had been all over the country. He said he was not connected with the Panama Development Company. He said he owned land in Agua Dulce and Chiriqui. There were multi-graphed letters in the office on paper of the Panama Development Company. I have filled out addresses on those letters at the direction of Dr. Lyman.

Q. Did Lyman ever dictate to you any minutes of the meeting of the Board of Directors of the Panama Development Company?

A. Once. I wrote them up and put them in the minute-book. They are not in there now and I have not seen them since. Mr. Lynn used to come over to the office frequently. He came over to get letters and take them back.

Q. I show you United States Exhibit 5—letter addressed to Stoddard Incorporating Company—reducing the capitalization of the company from \$1,000,000 to \$100,000, and I will ask you whether

(Testimony of Leta Hubb.)

or not that letter was dictated to you?

A. Yes, sir, by Dr. Lyman.

Q. I show you United States Exhibit 25, a letter to Hernan de la Guardia, enclosing a copy of a letter he was to use at Panama. I will ask you whether that letter was dictated to you?

A. Yes, sir. By Dr. Lyman and after writing it I delivered it to him. [425] U. S. Exhibit 27 and U. S. Exhibit 32, a letter to Hernan de la Guardia, were dictated to me by Dr. Lyman, and I wrote them and delivered them to him. U. S. Exhibits 33 and 72 (letters), U. S. Exhibit 67 (a letter to the manager of the L. A. Stock Exchange), U. S. Exhibit 118 (circular letter), U. S. Exhibit 122 (3-page circular letter), U. S. Exhibit 119, U. S. Exhibit 123 (3-page loan letter), U. S. Exhibit 127 (the advertisement headed "Bill Jones' Soap," appearing in the copy of the "Los Angeles Examiner," dated Sunday, May 27, 1911), were all dictated to me by Dr. Lyman, written by me and delivered to him. (The advertisement referred to was introduced and read in evidence, marked U. S. Exhibit 135, and reads as follows:)

**U. S. Exhibit No. 135—Advertisement of Panama
Dev. Co.**

BILL JONES' SOAP.

Good value at 10¢, Now.....5¢

Is the form of advertisement you often see, but it is not the kind that goes very far.

The Reason WHY is what people want to know.

We want the clever advertisers of Los Angeles to

tell us Why PANAMA GOVERNMENT LANDS are the best purchase in the whole world today.

There are a thousand reasons why they are, and if there is one why they are not, we would like to know that, too.

Panama lands are the most fertile on earth.

They have only recently been thrown open to Americans.

Heretofore they have been totally devoid of transit facilities.

They will soon have the markets of the world at their doors.

They can be had on terms which make them virtually a gift—\$5.00 per acre—

\$2.50 Down

\$2.50 in 4 years

With no taxes to pay until completion of title.

The profits ~~are~~ from tropical agriculture are almost beyond belief, and 1000 per cent is not uncommon.

(The United Fruit Company has 20,000 acres under cultivation, which cost less than \$100,000 four years ago. They reported a profit last year exceeding \$1,000,000. This year they will have 30,000 acres under cultivation.)

Parts of Panama have a delightful climate, with a mean temperature of 80 degrees, and a variation of never more than 10 degrees on either side. [426]

The rainfall is ample, but not excessive, and so distributed throughout the year as to give the very best results.

These are a very few of the many reasons WHY.

Our advertising matter and the Government publications will give you many others.

We will pay

\$50.00 in Gold

\$25.00 in Gold

\$15.00 in Gold

for the three best articles, not exceeding 2,000 words, that will tell in a concise, readable way, Why these wonderful opportunities are only now available, and Why they are so desirable.

The contest will close July 31st, and awards will be made immediately thereafter by the advertising managers of the Los Angeles papers.

We reserve the right to use all matter submitted, and no manuscript will be returned. The articles should be written on one side of the paper only, and preferably typewritten.

Contestants are under no obligations to buy Panama Government Lands, but if they can resist after knowing all the facts, their photographs will be of interest.

Here is a chance for the clever writer. The truth about the possibilities now existing in Panama are so wonderful, and are all so recent, that it is a most interesting story, and should prove congenial work.

PANAMA DEVELOPMENT COMPANY,

216 Mercantile Place.

Between Fifth and Sixth Streets.

Los Angeles, California.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 135. Fld. Oct. 30, 1913. Wm. M.

(Testimony of Leta Hubb.)

Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

The advertising you show me appearing in the Los Angeles Examiner Sunday, June 4, 1911, headed "Panama Government Lands have been recently thrown open to Americans on the same terms as Panamanians," was dictated to me by Lyman, and I wrote it and delivered it to him. (Said advertisement was introduced and read in evidence, marked U. S. Exhibit 136, and reads as follows:)

**U. S. Exhibit No. 136—Advertisement of Panama
Dev. Co.**

PANAMA GOVERNMENT LANDS HAVE RE-
CENTLY BEEN THROWN OPEN TO
AMERICANS ON THE SAME TERMS AS
PANAMANIAN.

THESE LANDS ARE THE RICHEST AGRICULTURAL LANDS IN THE WHOLE WORLD, and what is almost of equal importance, and yet not generally known, is that the Provinces of Chiriqui and Cocle have a [427] climate that is nearly ideal, with a mean temperature under 80 degrees, and a variation on either side of not more than ten degrees throughout the year.

There are over 300 sunshiny days, with a rainfall of seventy inches, so distributed throughout the year that it rarely rains for more than an hour at a time. This makes for ideal agricultural conditions, and no place on earth can show better results.

Sugar cane, when once planted, will reproduce itself continuously for at least fifteen years. Fur-

thermore, it contains the highest amount of saccharine matter known, and Cuban cane, which has made every planter rich, is not in it by comparison, the Panama Cane giving forty tons to the acre, where Cuban cane yields only twenty-three. One does not need to go beyond this fact to realize these lands are the most desirable purchase possible, yet this is only one of many equally good possibilities.

On the Costa Rican border is a belt of citrus fruit land which cannot be excelled anywhere. Here oranges attain perfection at a season of the year, November 1st, when they have the world's markets to themselves, and will command the highest possible price.

As many as six hundred hushels of white potatoes per acre have been grown in Chiriqui, and three hundred bushels an acre is an average crop. There are potatoes growing there to-day which were planted thirteen years ago and year after year have repeated as a volunteer crop. If similar conditions exist anywhere else on earth, we do not know of it.

Panama has been kept back solely by lack of stable government and a total absence of transportation facilities. The United States Government is now back of Panama, while transit facilities are near at hand. Must a man be unusually intelligent to grasp what this will mean?

Cannot almost anyone realize that with ships passing through the Canal to almost every point on the Globe, that the world's markets will be opened to this favored region, as no other point on earth? This is precisely what is going to happen in Panama.

Some fine morning the water will be let into the Canal, and the dream of five centuries realized.

Never again can such a favorable combination of circumstances exist.

The liberal terms under which these marvelously fertile land can be acquired make them virtually a gift.

\$2.50 per acre down, and \$2.50 in four years, with no interest or taxes to pay until one year after the completion of title.

So far as the selection of land is concerned, we are in a better position to do this for you than though you are in Panama to act for yourself. We have experts who are familiar with the country, and who can and will do the very best possible for us. [428]

As there is only one price for government lands, it will readily be appreciated that we have nothing to gain except by securing the very best. For one unfamiliar with the country to attempt to locate anything now, would prove exceedingly difficult, owing to the total lack of transportation facilities, but the new railroad from Panama to David, in connection with the Canal, will open up this country to the world, almost in the twinkling of an eye. Those who wait, however, to ride through the country in a Pullman car will find their opportunities gone.

THE TIME TO ACT IS NOW.

For the man who can anticipate what these great, impending changes mean, a fortune lies within his grasp. The man who can only see behind can never sit in the seats of the Mighty.

Your one great, big chance is NOW.

A comparatively few dollars placed in these lands will soon return your competence every year, and finally a fortune. Once in possession of the land, you have four years to decide how you wish it cultivated, with no taxes or interest to pay while you are thinking it over, but NOW is to the time to ACT.

If you are dissatisfied with the lands selected by us for you

We will return your money upon demand at any time within two years

This gives you ample time to see for yourself. We KNOW we can make a better selection for you than you could do for yourself, and we are prepared to stand back of our assertion. You thus have everything to gain and nothing to lose by availing yourself of the terms offered.

Fill out the form below and your application will be filled by the government in the order received by us.

The title is perfect, being a government title.

PANAMA DEVELOPMENT COMPANY,

216 Mercantile Place,

Between Fifth and Sixth Streets,

Los Angeles, California.

[Endorsed]: No. 136. 672—Crim. U. S. v. Lyman, U. S. Exhibit 136. Fld. Oct. 30, 1915. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

(It is stipulated that the form of application for land at the bottom of the advertisement is the same as already read in evidence.)

(Testimony of Leta Hubb.)

The WITNESS.—U. S. Exhibit 49, an application for land, was dictated to me by Dr. Lyman. I wrote the same and delivered it to him. [429]

U. S. Exhibit 50, and the typewritten part identified by the witness Smith as original copy received from Lyman, was dictated to me by Lyman. I wrote it and handed it to him. The same is true as to the typewriting on U. S. Exhibit 51, which the witness Smith testified was the written copy received from Lyman. I also wrote parts of U. S. Exhibit 54-A, at the dictation of Dr. Lyman, and after writing the same delivered it to him. The same is true of U. S. Exhibit 55-A, a circular entitled, "Are you so conservative that your view is backwards?"

I show you letter written on paper of Panama Development Company dated June 19, 1911, addressed to Mrs. Paul A. Hauser, 1228 Lime Avenue, Long Beach, California, and signed Panama Development Company by L. R. Smith, and ask you whether that letter was dictated to you?

A. I wrote the original of that letter.

Q. You did not write this letter? This letter was copied from the original that *wgo* dictated to you?

A. Dr. Lyman.

Mr. SCHENCK.—I object to that as secondary evidence.

Mr. REGAN.—The contents of that letter were dictated to you by whom?

A. Dr. Lyman, and then afterwards I wrote several of those same letters and addressed them to addresses which he gave me and this letter which you

(Testimony of Leta Hubb.)

showed me was one of them, and after writing according to the address he gave me I delivered it to him.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 144.

Mr. SCHENCK.—(Addressing the Witness.) What do you mean, when you said a few moments ago, if I understood you correctly, [430] that you wrote the original of that letter.

A. The original of that letter was dictated to a man named Holdridge. I wrote this letter.

Q. What did you do? Did you copy it from the original dictation, original notes, or copy it from a copy made from the notes?

A. I copied it from the copy that I had made from the original.

Mr. SCHENCK.—Then I object to it as secondary.

The WITNESS.—The directions in reference to the letter I received from Dr. Lyman: He gave me a number of names and told me to copy the Holdridge letter.

Upon the witness' statement that this is not a transcription from her original notes, but is a transcription or rather a purported copy of her transcription of notes, it becomes *ipso facto* secondary.

The COURT.—(To Witness.) Was it written originally to Holdridge, or afterwards addressed to him?

A. It was written originally to Holdridge.

The COURT.—You wrote one in effect to Mr. Holdridge? A. Yes, sir.

Q. That was dictated by the defendant?

(Testimony of Leta Hubb.)

A. Yes, sir.

Q. Then what was done next?

A. I wrote several other letters exactly like it to several different people. I kept a carbon copy of the Holdridge letter and from that carbon copy wrote these other letters, including the one now offered in evidence. I couldn't say that the Hauser letter is a true copy of the Holdridge letter; there might have been some changes made, that were [431] made by Dr. Lyman. The letter is the same as the one I wrote to Holdridge, unless in some respects altered by the defendant."

Mr. SCHENCK (Addressing the Witness).—You don't know now whether this is a true copy of the original Holdridge letter or not, do you?

A. No, I do not.

"The WITNESS.—That letter may not be a correct representation now or a correct transcription of the original notes made by me.

Q. And if that letter now does not represent a correct transcription, or may not represent a correct transcription of your original notes taken down from the dictation of Dr. Lyman, such difference may have been brought about by the fact that Mr. Smith changed the carbon copy of the Holdridge letter before you wrote this?

A. I would not know whether he changed it or not.

Q. I say it may be different because of this change?

A. Yes, sir, it may.

Q. And it may be different from the erroneous transcription or attempt to copy the original carbon

(Testimony of Leta Hubb.)

of the Holdridge letter? A. Yes, sir.

Q. So there are at least two things that you know not of, that may have brought about a difference between this and the original dictation. A. Yes, sir.

Q. (By the COURT.) What was done with this after you wrote it out?

A. I gave it to Dr. Lyman.

“The WITNESS.—Mr. Smith was in the office in the [432] Mercantile place, not in Dr. Lyman’s office, and he never gave me any dictation in Lyman’s office, or made any corrections of any letters that Lyman dictated to me there and he could not by any chance have made any change or correction in the carbon copy of the Holdridge letter, unless Dr. Lyman had taken it over there.”

The COURT.—I will overrule your objection.

(The said letter so offered in evidence is marked United States Exhibit 144, is read in evidence and is as follows:)

**U. S. Exhibit No. 144—Letter, June 19, 1911,
Panama Dev. Co. to Paul A. Hauser.**

(Letterhead of Panama Development Company.)

Los Angeles, June 19, 1911.

Mr. Paul A. Hauser,

1228 Lime Avenue,

Long Beach, California.

Dear Sir:—

We have written you several times regarding Panama lands, and not having heard from you, believe we have not presented the facts clearly or you would

have been very quick to grasp the opportunities presented, and would appreciate very much hearing in what respect the subject fails to meet with your approval.

It is an absolute certainty that there is not a single acre of land that we have offered you that will not soon be worth ten times its present cost, and by the time the Canal is completed, much of it will be worth from one hundred to two hundred times the price it can be obtained for now.

Recently we arranged for the sale of 10,000 acres to an American Colony which is to be established at Agua Dulce, one of the best sugar districts in Panama. Agua Dulce is an ideal location from every point of view, as it is directly on the line of the new railroad, has a fine harbor, and is only about 100 miles from the Western entrance of the Canal.

We are now negotiating with a company for the purchase of a much larger tract in the same locality, and Agua Dulce is destined to become a large town. There is little doubt but that by the time the Canal is opened much of the land in this vicinity will have greatly enhanced in price, yet for those who can act quickly, we can still obtain a limited amount of the finest land, particularly adapted for the growing of sugar cane and bananas, and adjoining the American colony, on the same terms as paid by them—\$2.50 down and \$2.50 in four years—with no taxes or interest to pay until one year after completion of title.

As the lands are all one price, even though far inland, we have nothing to gain except by serving you to the best possible advantage, and if the selection be

left to us and you are dissatisfied, we will return the full amount paid at any time within four years, upon assignment to us of the provisional title. [433]

It is probably that within a year the railroad will be completed to Agua Dulce but by that time all the Government lands near the town and harbor will have been taken up, and the time to acquire same is now.

#2

We would advise an immediate visit to this office, where we can show you just what lands can be acquired, or if you will indicate the number of acres desired, we will send you a soil map showing just what we can secure for you, and the location of same in connection with the railroad and harbor.

We regard these lands as the best real-estate purchase in the whole world today, affording an opportunity, which if once lost, can never again re-occur, and we cannot impress upon you too strongly the advantage of acting immediately.

Very truly yours,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

[Endorsed]: 672—Crim. U. S. vs. Lyman, U. S. Exhibit No. 144. Fld. Oct. 30, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

(Envelope with cancelled stamp.) (Los Angeles, Cal. June 20, 11— A. M. 1911.) Addressed to Mr. Paul A. Hauser, 1228 Lime Avenue, Long Beach, California.

(Testimony of Leta Hubb.)

Mr. REGAN.—I now show you copy of a letter addressed to Mrs. Doctor Steele, 447 South Hope Street, Los Angeles, California, and I ask you whether or not that letter was dictated to you?

A. Yes, sir. It was dictated to me by Dr. Lyman, I wrote the same and delivered it to him.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit No. 145.

(The said letter so marked United States Exhibit 145 is read in evidence and is as follows:)

**U. S. Exhibit No. 145—Letter, Panama Dev. Co. to
Mrs. Dr. Steele.**

Book 1, Page 27.

Mrs. Dr. Steele,

447 S. Hope Street,

Touraine Hotel,

Los Angeles, California.

Dear Madam:—

We are in receipt of advices that a real-estate friend of yours had informed you that the Panama Development Company was the “greatest graft of the century.” We will appreciate it very much if you will give us this individual’s name, and we will promise to bring him up with a round turn.

Regarding our Company, let us say that one of the Advisory Board is the present Attorney-General of Panama, and the President of the Company is recognized as the leading agricultural expert in Panama, having been sent by his Government to this country to make special investigations, and he, in this work,

took special courses in two agricultural colleges.
[434]

A third member of our Advisory Board is the leading merchant in Panama, a man having been identified with business life there for many years, past, while our Vice-President is an old banker, having formerly been connected with the National Bank of Scotland; and the balance would compare favorably with those mentioned, so there can be no question regarding the company's *bona fides*. Further, there can be no question about the advisability of buying Panama Government lands, for they are the richest agricultural lands in the whole world. All they have lacked heretofore was markets, which, through the opening of the Canal, and building of the new railroad, will soon be available.

We hand you herewith another of our prospectii, and would state that every statement therein made, is absolutely correct. Furthermore, if you make a purchase of same, and are dissatisfied with them, we will return the full amount paid at any time within four years.

We are responsible for \$50,000 paid up in cash capital, and are able and prepared to carry out our contracts. When your alleged friend states it is impossible to carry on cultivation there, he does not know what he is talking about. Contract labor, in the way of either coolies or Jamaica negroes, can be obtained in any number desired.

Furthermore, permit us to remind you that it is not necessary for you to make any payments for cultivation, except from the crop itself, if you desire,

at that time. Please remember, too, we are not requesting you to buy our lands, as we are only acting as agents, and all lands sold are Government lands, and the title will come *direct from the Government to you*. You will thus see that we have nothing to gain except by securing for you the best lands, and if purchased under our offer of a guarantee of refund in the event of your being dissatisfied, you have everything to gain and nothing to lose.

Mrs. Dr. Steele—#2.

You must realize that if this country had been thoroughly opened up with transportation facilities, these Government lands would have been taken up, and it will only be a short time before they are all gone. When the opportunity is once past, it is gone forever. Your common sense should tell you that fertile lands at the price asked for these Government lands, is ridiculously small. We are inclined to believe that your friend is probably anxious to sell you some local real-estate, from which he would derive a commission, rather than with any idea of serving your best interests, for, as before stated, there can be no questions about the desirability of Panama Government lands at the present time. They are the greatest purchase in Christendom, and we trust to be able to serve you, for which we promise our very best efforts.

Very truly yours,

PANAMA DEVELOPMENT COMPANY.

By _____.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 145. Fld. Oct. 30, 1913. Wm. M. Van Dyke. By Robert E. Rinehart, Deputy Clerk.

(Testimony of Leta Hubb.)

Q. Calling your attention to a letter dated June 19, 1911, addressed to Mr. O. Hellwig, Coronado, Coronado Beach, [435] California, I will ask you whether or not that letter was dictated to you?

A. Yes, sir, *but* Dr. Lyman and written by me and delivered to him.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 146.

(The said letter is marked United States Exhibit No. 146, is read in evidence, and is as follows:)

U. S. Exhibit No. 146—Letter, June 19, 1911, Panama Dev. Co. to O. Hellwig.

“June 19, 1911.

Mr. O. Hellwig,
c/o Coronado Postoffice,
Coronado Beach, California.

Dear Sir:—

Replying to your favor of June 10th would say that at David you can find moderate priced hotels, and if you wish your own home you can erect a small house at a very small cost.

The climate of Chiriqui is remarkably fine, and you can grow vegetables of all sorts, and keep chickens, as all the natives do.

The cost of clearing and planting twenty acres of land into cane will be approximately \$2,000, which will be charged up against the first two crops. It is probable that the second year there will be a surplus of at least \$25.00 per acre, which would go to the owner of the land, as the crop yields net from \$50.00 to \$75.00 an acre. Planting the cane can be done at

any time as soon as the land is cleared.

Regarding the best means of going to Panama, would suggest the Pacific Mail Line, which has an excellent steamer running from San Francisco.

If you are going to have your land put into sugar cane and work done under contract, you would not want a house put on the land, and had better live in David, where you could find comfortable accommodations. You know sugar cane when once planted reproduces itself, therefore it does not require cultivation as other crops would.

If you are going to have the land put into sugar cane, it would be a great mistake to attempt to tear it up later, with a view of putting in something else, and if you wish a general farm, as part of your letter indicates, then you had better have that in addition to the cane land.

Our maps of Panama are now in the hands of the printer and will shortly be ready, and as soon as they are we will send you a copy. If you desire any further information shall be glad to advise, and thanking you for your favor, we are,

Very truly yours,

PANAMA DEVELOPMENT COMPANY.

By _____.

(Over)

—#2—

P. S. If you desire lands near David, we should advise you to file application instantly. The choice lands in this vicinity will soon be gone, and we are making no reservations for any one. "First some, first served." [436]

(Testimony of Leta Hubb.)

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 146. Fld. Oct. 30, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy.

Mr. REGAN.—I show you a letter written on the paper of the Panama Development Company, dated July 10, 1911, addressed to Mrs. O. Hellwig, Coronado, California, signed L. R. Smith, and I will ask you whether or not that letter was dictated to you.

A. Yes, sir; by Dr. Lyman. I wrote it and delivered it to him.

Mr. REGAN.—I now offer this in evidence and ask that it be marked United States Exhibit 147.

(The said letter so offered in evidence is marked United States Exhibit No. 147, read in evidence, and is as follows:)

**U. S. Exhibit No. 147—Letter, July 10, 1911,
Panama Dev. Co. to Mrs. O. Hellwig.**

(Letterhead of Panama Development Company.)

“Los Angeles July 10th, 1911.

Mrs. O. Hellwig,

Coronado, California.

Dear Madam:—

Replying to your letter of the 7th instant, will say that your informant evidently is in total ignorance regarding Panama, as the climate on the Canal Zone is not considered good, but it is on the Western coast, in the Province of Chiriqui, where the death rate is about one-half that prevailing in the average City in the United States, and it is in this particular section that the United States Government proposes

building its sanatorium for Canal employees, all of which, as you will note, is in direct variance from the information you have had from your friends. It is very true that there are no markets in Panama to speak of at the present time, but you have only to show the smallest amount of foresight to realize that the opening of the Panama Canal will change all this, and as ships will be passing through the Canal to all points it will have the markets of the world to choose from, and it is this very reason that makes these lands so desirable, for everyone knows they are remarkably fertile and it is only a lack of markets and transportation facilities that have kept them back, but now these are near at hand.

If you have but a limited amount of money at your command, it would be far better for you to buy at the present time as much land as you can possibly pay for, and *the*, secure with that, hold it until the railroad is completed and the Canal opened, when you will be able to sell it at a very much higher price even if not cultivated, or, if you prefer to obtain an income from it at once, have the land cultivated on shares, which after the first year would give you a nice return and soon afford you sufficient capital to take care of any improvements contemplated without drawing upon your own resources.

The only railroad in Panama at the present time in operation is one from Colon to Panama, and the one along the Western [437] Coast and up along the Costa Rican border are those which the Government are about to build, and for which they have been advertising for bids, which closed June 30th.

Regarding the land selected for you, or in fact all other tracts; we have a complete record in our office, and no land is sold anywhere without first having received our approval. We have selected for you what we consider a very desirable tract, and it is right near tide-water and adjacent to the railroad, and will unquestionably greatly increase in value, and we should by all means advise you to avail yourself of the opportunity of buying them. You have everything to gain by so doing. — #2 —.

On and after August 1st the price will be \$6.00 per acre, but even if you paid \$20 for it, it would be well worth the money. If it is inconvenient for you to pay the full amount of \$2.50 per acre down for the number of acres you desire, you can remit at the rate of \$1.25 per acre and pay the balance in one or two years in instalments of equal amounts. If you accept this offer you will have an opportunity to get your land under cultivation and develop on shares, so that it will yield you a good profit, and meet your future payments at the time they are due, and we think this would be the very best thing for you to do.

Now, if this letter does not cover every point, or you desire any further information, if you will write we will promptly advise to the very best of our ability, as we are here to aid you in every possible way.

Very truly yours,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 147. Fld. Oct. 30, 1913. Wm. M. Van Dyke, Clerk. By Robert Rinehart, Deputy Clerk.

(Testimony of Leta Hubb.)

Cross-examination.

By Mr. SCHENCK.—I notice every time one of these various documents was handed up to you, you took great care to read it all the way through, what was the object of that?

A. I wanted to be sure whether I wrote it or not.

Q. Would you be able to state that by reading a particular letter, for instance, exhibit No. 145, or a copy of a letter, or what purports to be a copy—are you willing to state that you can remember having written that letter for him? [438] A. Yes, sir.

Q. There is absolutely no question in your mind about the exact wording of each and every one of some twenty-five odd letters and documents that have been dictated here? There is absolutely no doubt in your mind as to the exact wording each and every one of them?

A. Changes might have been made after they were written.

Q. Then these various exhibits that you have identified here as having been dictated to you by Dr. Lyman may be an exact transcription of your notes and may not be? A. Yes, sir.

Q. And that change may be trivial or it may be great? A. Yes, sir.

Q. Were you assisting Mr. Regan or any one else connected with the Government in the matter of sorting these various papers and documents?

A. When do you mean?

Q. At the time you quit the company.

(Testimony of Leta Hubb.)

A. No, sir. I left town and went to San Diego for two weeks.

Q. When you came back did you come in contact with any one connected with the United States Government?

A. Yes, sir; I was subpoenaed. I do not know when that was. I came back from San Diego and was subpoenaed after I got here.

Q. That would bring it up to about the first week in September when you got that subpoena. Now, did you spend your time pretty much between the time you were subpoenaed and up till the time you left for Chicago, assisting the Government in sorting these papers, documents, books and records, that had [439] been gotten into the hands of the Government in some way or another?

A. I identified some of them. I don't know how much of my time I spent with the Government officials or agents before I went to Chicago.

Q. When did you come back here this time?

A. September 9th.

Q. And from September 9th until this time right now, how much of your time have you spent in the office over here which has the pasteboard card which says, "Special Attorney-General Regan in the Lyman case"?

A. Every day up until the trial. I have stayed over there where all those documents and papers are until the opening of the trial. I was not under salary from the Government.

Q. And you were constantly having papers, books,

(Testimony of Leta Hubb.)

documents and records referred to you for identification? A. Yes, sir.

Q. And you had each and every one of your note-books that you used in taking down this dictation?

A. Yes, sir.

Q. And you have read all your notes to Mr. Regan, or some of his assistants in there—every note-book that you took down shorthand notes in?

A. I didn't read them; I transcribed them.

Q. Did you transcribe them all? A. Yes, sir.

Q. How many of these documents that you have introduced in evidence here were re-transcribed?

A. Several.

Q. These are not original copies?

A. Oh, yes; there were only two or three of my transcriptions.

Q. Introduced here in evidence [440]

A. Two or three.

Q. Written right over here in room 408?

A. Written in a room downstairs.

The COURT.—You say there were two or three re-transcriptions introduced in evidence?

Mr. SCHENCK.—Yes, sir; written in this building. Can you pick them out here?

A. Yes, sir.

Q. Do you know where they are, Mr. Regan?

Mr. REGAN.—Yes, there is one, United States Exhibit 145, United States Exhibit 72. I guess that is all. That is all I see now.

Mr. SCHENCK.—We will take a chance with these. Now, then, I understand that, for instance,

(Testimony of Leta Hubb.)

that document there, exhibit 72, which I now hand you,—am I correct in this understanding from your testimony? That that document you now hold in your hand never came into existence until some time since September 9th of this year, and when it did come into existence it came into existence in a room in this house by virtue of the use of a typewriter there by you? Is that correct? A. Yes, sir.

Q. I mean, had you been deprived of the use of the note-book which you had the notes in, made in 1911, could you from memory have written that document now in your hands, to-wit, exhibit 72? A. No, sir.

Mr. SCHENCK.—Government Exhibit 145 which I now hand you, came into existence some time since September 9th in this [441] building, did it not, under the same set of circumstances and facts?

A. Yes, sir.

Q. Could you have created that instrument there without *resource* to the notes which you say were made in 1911?

A. No. I did Dr. Lyman's work exclusively. I was kept pretty busy writing letters for Dr. Lyman and I wrote a great many letters to various people all over the world, and a great many letters were strictly personal letters; that is of his personal affairs. He wrote a great many letters to Basin, Wyoming Oil Company and a great many to J. M. Colon, that was almost a daily occurrence.

Q. Can you recall the substance of any of them?

A. If I could see the letters.

Q. But without either letter or your notes you

(Testimony of Leta Hubb.)

would not be able to recall the substance of any of them?

A. No, nor the substance of any letter written to any one during the time I was there.

Q. How many books did you transcribe? That is, how many note-books have you transcribed since September 9th? A. About 10 or 12.

Q. Was that all the note-books that were used by you in the months that you were employed by Dr. Lyman? A. I think not.

Q. Did you see the others since you have been back here from Chicago? A. No, sir, I have not.

Q. Do you know what particular note-books these are? That is, with reference to the dates that they commenced or ended? [442]

A. They are not dated.

Q. So there is nothing in the note-books to indicate when any letter that may be in the note-book was dictated? A. Nothing at all.

Q. Now, then, of the 10 or 12 note-books which you have transcribed there, did you find in there the note-books with reference to these various exhibits that you have identified here? A. Some of them.

Q. You estimate how many note-books you would have used in the 12 or 13 weeks you were there?

A. I might have used about fifteen.

Q. When you left there in August they were all there in the office, weren't they?

A. So far as I know they were.

Q. Have you made a search to find your notes with reference to Exhibit 50—the one you identified yes—

(Testimony of Leta Hubb.)

terday as having been dictated to you by the defendant? A. It is in one of my books.

Q. (By Mr. SCHENCK.) When you searched through your notes and transcribed them all did you find any notes of minutes or what purported to be minutes of meetings? A. One.

Q. Do you ever remember of his having dictated minutes of meetings to you other than that once?

A. Just once. That is the one I found in my notebook. Only one was ever dictated to me. I don't remember the time he dictated that. After he dictated it I filed it in the Minute Book and put it on his desk.

Q. Can you ascertain from those notes the date the meeting was supposed to have been held?

A. I don't know. My notes might show it. [443]

Q. Can you find it—do you know where it is now?

A. I would have to go all through those books. I made a transcription of it for Mr. Regan. The transcription of the minutes which I put in the minute-book are not there now.

Redirect Examination.

By Mr. REGAN.—How did you get your instructions? To write so and so a copy of the Holdridge letter or something of that sort?

A. Yes, sir. No one else ever dictated to me except Lyman and those letters which I have identified as being written by myself, the contents of those letters were received by me from Mr. Lyman and were not received from anybody else.

Q. Now, did it sometimes happen that after you

(Testimony of Leta Hubb.)

had written a letter or a literature that appeared in your note-book, and presented it to the defendant, that he changed it?

A. The changes had been made after the letters were written. He would make them and bring them back to me and they would be rewritten, and if there is any difference between the original dictation appearing on my note-books and the final letter, he sent out, those corrections and changes or things were made by the defendant. I looked for all my note-books. There are three or four missing and these are all I found.

Recross-examination.

(By Mr. SCHENCK.)

Q. Where did you try to find those note-books?

A. In the inspector's office. There were other note-books that I saw that were not mine. The only search that I made for these note-books was at the office of some Government [444] employee. After I would get a particle of dictation and after I could transcribe it, he would make corrections and I would have to rewrite it from the changed copy.

Q. You have stated upon cross-examination that you have not compared these various documents, that you have identified with your notes, because in many instances you could not find your notes that applied to them. Now, then, not having compared them with your notes, you are not able to state positively here that there is not a wide difference between the documents here and the original notes, are you?

(Testimony of Leta Hubb.)

A. Well, if there are any changes they were made after I wrote the letter, and would not appear in my notes.

Testimony of Miss Nora E. Clark, for Plaintiff.

Miss NORA E. CLARK, called, *called* and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

I met Dr. Lyman first in May, 1911, in the Story Building, where I called to see him in reference to employment and was employed by him at that time in the Story Building. I went to work for him in the Consolidated Realty Building. I was employed before Miss Hub, she took my place. I worked in the Consolidated Realty Building one week. Only Dr. Lyman dictated to me during that period. I returned after I left, at the end of the week, to return a note-book that I took away from the office by mistake. Dr. Lyman wrote me a letter asking me to return it. I had a conversation with him about further employment. He discharged me without any notice and I didn't like that manner and he told me to go to the Panama Development Company on Mercantile Place and work there until I got further employment and after that he ask me to remain there. Mr. Smith was there at the time I had the conversation [445] with Lyman. He told me Mr. Smith would be in charge. I then went to work at the Mercantile Place office. I took Mr. Smith's, Redpath's and the salemens dictation and also some from Dr. Lyman. I took most of the dictation from Mr. Smith.

Q. The letters which were dictated to you by

(Testimony of Miss Nora E. Clark.)

Lyman signed by the Panama Development Company, did you see him sign any of them personally? Panama Development Company by him?

A. No, sir.

Q. What would be done with those letters which would be dictated by Lyman and signed Panama Development Company, by blank?

A. They were given some of them to Mr. Smith, others to Redpath and others to Byrd to sign. Dr. Lyman came to the Panama Office nearly every day. He gave instructions to most everyone. I saw 'U. S. Exhibit 40 in the office of the company. I have seen references made to this map by all the salesmen and Dr. Lyman.

Q. Have you ever seen Dr. Lyman at this map with people?

A. Yes, sir. Pointing to the map and talking about lands down there. I don't know that I can repeat the conversation, he had with them, but as nearly as I can remember he said he owned land down there and had invested heavily there and there was a railroad being constructed there between the city of David and some other place. He said it was a very fertile country and a great sugar cane country and orange country. He told me about what they could raise there. I don't remember that he said anything about it being fine for oranges. He said that people could be located along the line of the new railroad which was being constructed at that time.

[446]

Q. You know Mr. Maynard and Mr. Lynn?

(Testimony of Miss Nora E. Clark.)

A. Yes, sir. They were salesmen employed there. I have heard them have conversations with prospective purchasers.

Q. (By Mr. REGAN.) During your employment in the Consolidated Realty Building did people call at that office.

A. I have never heard anybody ask the defendant whether he was connected with the Panama Development Company or not.

Q. At any time, did you ever hear people ask that of Lyman?

A. Not of him; no. The defendant told me that if people ask me whether he was connected with the Panama Development Company, to say that he was not. My desk was near that of Mr. Smith. I remember some people by the name of Green coming in to see Mr. Smith while I was there. They had a conversation with Mr. Smith and during that conversation I left the office to go to Dr. Lyman's office. Mr. Smith sent me over there. While I was over in Dr. Lyman's office I took dictation from the Doctor and during the dictation the telephone rang and Dr. Lyman answered it. I heard Mr. Smith's name mentioned. I heard Dr. Lyman mention the name of Green—that they were coming over there. After the telephone conversation Dr. Lyman told me that was all and to go back to the other office. On the way back to the other office, I saw the Greens. The letter you showed me, marked U. S. Exhibit 86 for identification, was dictated to me by Lyman, and written by me. (Said letter was introduced and read in evi-

dence, marked U. S. Exhibit 86, and reads as follows:)

**U. S. Exhibit No. 86—Letter, August 25, 1911,—
to John Redpath.**

Los Angeles, Calif., August 25, 1911.

Mr. John Redpath,

Los Angeles, Calif.

Dear Sir:— [447]

Mrs. J. M. Chowllwell of 1224 Commonwealth Avenue, Alhambra, California, has a new bungalow at that address on a lot 50 x 150. She will exchange for Panama Government Lands, or at least wants to. There is a mortgage on the property of \$1500.00, and I would advise saying to her when she or her husband calls, that if they will clear the property, you will give them contracts covering 650 acres of Panama Government Lands; this would be a valuation of \$3900.00 for their property, for which they are likely to ask you four thousand. You might say to them that you are familiar with the property, having been out to Alhambra a good many times, and know the district, which you regard as a very good one, but as Government agents are not allowed to exchange for anything but clear property.

Yours very truly,

L/C.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit 86 for Ident. U. S. Exhibit No. 86. Fld. Oct. 31, 1913. Wm. M. Van Dyke. By Robert E. Rinehart, Deputy Clerk.

(Testimony of Miss Nora E. Clark.)

My best recollection is that U. S. Exhibit 75 was dictated to me by Dr. Lyman.

Mr. REGAN.—I show you this letter written on Panama Development Company paper, dated August 25, 1911, addressed to Mr. Thomas O'Rourke, Box 51, R. F. D. San Fernando, California, and I will ask you whether or not that was dictated to you?

A. It was.

Q. By whom?

A. Dr. Lyman. That is Mr. Byrd's signature. The letter was signed by Mr. Byrd, and mailed in the ordinary course of business.

Mr. REGAN.—I now offer the same in evidence, together with the envelope, and ask that it be marked United States Exhibit 148.

(The said letter, including the envelope, so offered in evidence, are marked United States Exhibit No. 148, read in evidence, and is as follows:)

**U. S. Exhibit No. 148—Letter, August 25, 1911,
Panama Dev. Co. to Thomas O'Rourke.**

(Letterhead of Panama Development Company.)

Los Angeles, August 25, 1911. [448]

Mr. Thomas O'Rourke,

Box 51, R. F. D.,

San Fernando, Calif.

Dear Sir:—

Repling to your favor of the 23rd instant, will say that we will endeavor to accommodate you, and if you will bring in your shares of Los Angeles Investment Company's stock, together with the Deed to your lot, we will take the matter up with you at once

(Testimony of Miss Nora E. Clark.)

on the lines suggested by you, so that you may take care of your payments, and get the clother as desired, and believe that your Panama lands are going to prove very, very profitable. You will be interested to learn that Mr. Smith has gone to Panama, and you will likely hear from him in about four weeks time.

Please let us know what time next Saturday will be convenient for you to call at this office.

Very truly yours,

PANAMA DEVELOPMENT COMPANY.

By GEO. M. BYRD.

L. C.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 148. Fld. Oct. 31, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Q. (By Mr. REGAN.) I show you this letter, did you see Dr. Lyman have it? A. Yes, sir.

Q. When in refernce to the time that Exhibit 148 *whic* I just read was dictated?

A. He read the letter and then dictated that one.

Mr. REGAN.—I offer it in evidence and ask that it be marked United States Exhibit 149.

(The said letter so offered in evidence is marked United States Exhibit No. 149, is read in evidence and is as follows:)

**U. S. Exhibit No. 149—Letter, August 23, 1911,
Thomas O'Rourke to "The Secretary."**

"Box 51, R. F. R. San Fernando.

23rd Augt. 1911.

Dear Sir:—

I find that I cannot pay the \$12.50 I owe you on the 2nd 10 acres I bought from you lately, unless I sell the shares I own in the Investment Co. and also 1 lot I bought from the Arch Beach Heights Co. The number of the lot os 21 Block 60. The office of the Co. is 700-701 Consolidated Realty Bldg. I think it is on Hill St. Now I'll be very much obliged to you if you will purchase the shares and the lot from me as soon as possible. I want to pay you that \$12.50 and I want to get a suit of clothes. [449]

In order to invest as much as possible in land in Panama I did not get a new suit as I should have so I trust you will help me out by buying the shares and the lot from me.

The lot is worth at least \$30. You will find what lots are selling by phoning to 700-701 Consolidated Realty Bldg. You will find the current price of Capital Shares by phoning to the Los Angeles Investment Co. 335 South Hill St.

Let me know by return as I think I'll go to Los Angeles on Saturday next. I want to get a new suit so that I can look for a better job and then I'll have more money to invest in Panama lands. By buying the shares and the lot from me you'll just be bringing grist to your own mill. You can hold this lot till it is worth \$100. I'm sorry to have to sell it, but

(Testimony of Miss Nora E. Clark.)

I can't help it. You see I spent all my ready cash in buying Panama lands from you, so I trust you will help me out now, and I'll be very much obliged to you. Hoping you will let me have a reply by return mail, I remain,

Yrs. faithfully,
THOS. O'ROURKE,

The Secretary.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 149. Fld. Oct. 31, 1913. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.

Mr. REGAN.—I show you this copy of letter of September 5, 1911 addressed to N. Campbell, Manager Western Land & Timber Company, 316 Railway Exchange Building, Portland, Oregon, and ask you whether or not that letter was dictated to you?

A. Yes, sir. It was dictated to me by Mr. Byrd and was mailed in the ordinary course of business.

Mr. REGAN.—I will offer it at this time for identification and ask that it be marked United States Exhibit 150 for identification.

(Said document so offered in evidence is marked United States Exhibit 150 for identification.)

Mr. REGAN.—I show you this letter written on Panama Development Company paper addressed to Mr. Thomas O'Rourke, Box 51, R. F. D. San Fernando, signed Panama Development Company, by L. R. Smith, and ask you whether or not that letter was dictated to you?

Mr. SCHENCK.—Is this one mentioned in the indictment, Mr. Regan? [450]

(Testimony of Miss Nora E. Clark.)

Mr. REGAN.—Yes, sir.

A. (Of the Witness.) Yes, sir. It was dictated to me by Mr. Smith and written by me, and mailed in the ordinary course of business.

Mr. REGAN.—I now ask that the same be marked United States Exhibit 151 for identification.

Cross-examination.

By Mr. SCHENCK.—Q. When did you go to work for Dr. Lyman?

A. The middle of May, 1911. He discharged me without notice. I didn't go back the following week and tell him I was going to sue him. I was angry at him and I feel rather ill towards him. Yes, sir.

Q. The date of the Green incident, do you remember whether you did or not take dictation on that date?

A. I did. I don't remember any other time that I did take dictation.

The documents which I say were dictated by Dr. Lyman are identified by me by the dictation marks in the lower left-hand corner principally, but also by the contents. The L would not likewise be there for Lynn, because when Lynn dictated I used E. L., and when Lyman dictated, L. The note-books I used are all destroyed. I threw them in the waste basket with the exception of the first one which I returned to Dr. Lyman.

Q. The date of the Green incident, do you remember whether you did or not take dictation on that date?

A. I did. I don't remember any other time that

(Testimony of Miss Nora E. Clark.)

I did take dictation. [451]

Q. Then, your best recollection is that the day the Green's went over there was the date of this letter?

A. It may have been dictated over there or it may have been dictated in the Panama office. The time Lyman told me to tell people that he was not connected with the Company was just before he left for the North a few days before the office was closed. He never told me that before that I can remember of.

Q. Where did you see that letter from O'Rourke?

A. At the Mercantile Place office. Dr. Lyman had it. I wrote it after he gave it to me. I pinned it to the letter he dictated; after I pinned it to the original I gave it to Mr. Byrd to sign. Dr. Lyman told me to, and then I wrote letters for Mr. Redpath or Mr. Smith to Mr. de la Guardia,

Q. Can you name any other person other than O'Rourke to whom you wrote a letter of either Mr. Smith, Lyman, or Redpath, and give in substance anything that was said.

A. I don't remember the names of those.

Q. Can't remember the name of a single person or the substance of any letter written to such person?

A. No.

Redirect Examination.

By Mr. REGAN.—If I show you a letter and ask *ask* whether or not it was dictated to you during your employment by the Panama Development Company; are you able to express an opinion as to whether or not it was? A. Yes, sir.

Q. At the time that the O'Rourke letter was read

(Testimony of Miss Nora E. Clark.)

by Dr. Lyman and the reply dictated, did he make any comments on it or did he make any remarks about the O'Rourke letter after he had [452] read it?

Mr. SCHENCK.—Objected to as not redirect.

The COURT.—The objection is overruled.

A. I don't remember the remarks he made.

Mr. REGAN.—You were asked with reference to the work which you did in the office of the Panama Development Company. Did you see those circulars that Miss Dougherty used to bring over?

A. Yes, sir. I used to address some of them. Mr. Smith would give me the names and addresses for those and they would be mailed out in the ordinary course of business.

Q. Now, I show you Exhibit 70, United States Exhibit 73. United States Exhibit 73 you say was dictated to you. I want you to look at those two letters. They are the same except for the addresses on there. State whether you are absolutely positive that it was 73 that was dictated to you or whether or not it might have been 70?

A. I think both.

Q. That is your recollection at this time?

A. Yes, sir. I am not positive who dictated them to me. It was either Dr. Lyman or Mr. Redpath.

Q. And when those circular letters came in, which have been introduced in evidence and which you have seen, they were signed by everybody in the office—by the different salesmen in the office?

A. If they were given instructions to have them

(Testimony of Miss Nora E. Clark.)

sent out, they signed them.

Q. And they were addressed by the stenographers in the office and sent out through the mail?

A. Yes, sir. [453]

Recross-examination.

(By Mr. SCHENCK.)

Q. You stated in answer to the Government attorney's question that you could, if you looked at the letter, tell whether it was dictated to you or not. Is that correct? A. Yes, sir.

Q. Why didn't you say one way or the other on the number of the exhibits that I asked you about instead of saying that you didn't know.

A. Some I am positive of and some I am not.

Q. Then your answer to the Government Attorney's question should have been "I might and I might not" instead of "Yes," is that right?

A. Yes, sir.

Q. You would like to correct it to that effect?

A. Yes, sir; if I saw the letter I could tell whether it was dictated to me or not.

Testimony of P. J. Haldeman, for Plaintiff.

P. J. HALDEMAN, called *called* and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is P. J. Haldeman. I live in Riverside. I have lived in Riverside since 1903. I am acquainted with John Redpath and have known him for a good many years. Mr. Redpath introduced me to Dr. Lyman. I went there for the purpose of inquiring about lands they were selling. This inter-

(Testimony of P. J. Haldeman.)

view I had with Dr. Lyman took place about ten or twelve days before I made the deal, or that is before I executed a deed to the Panama Development Company. I had quite a number of conversations with Dr. Lyman about the Company and the lands. He told me [454] they were agents of the Panamanian Government; that the Government was building a road from the city of Panama to the city of David. He told me that they were cultivating the lands at Agua Dulce. He said that there was an American Colony there; and that they had sold quite a large amount of land to them. He told me that the titles of the land would come from the Panama Government.

Q. Did you tell him what your property was worth in your opinion?

A. Yes, sir. I told him about \$17,000 and that there was a \$7,000 mortgage on it; that the equity was worth about \$10,000.

Q. Showing you United States Exhibit 43, I will ask you whether or not you saw this map in the office of the company?

A. Yes, sir. He indicated on this map 43 where he would give me the land right here (pointing), Block 47.

Q. That 47 is the block he indicated to you that he would get title to for you? A. Yes, sir.

Q. What was the character of that land? Did he tell you?

A. Sugar land. He also said that he had con-

(Testimony of P. J. Haldeman.)

tracted for a mill to be put up at Agua Dulce immediately.

Direct Examination of P. J. HALDEMAN Resumed.

After I had completed the transaction with reference to the conveyance of my property, Dr. Lyman and Mr. Redpath both told me that the copy of the land agreement they kept would be filed with the Panama Government, I saw Dr. Lyman again at Mercantile Place and in Riverside both. I had a conversation with [455] him the next day in the office in Mercantile Place. I talked over the whole thing. He wanted me to go down with a party in a yacht to Panama. When I got word from my brother-in-law, whom Mr. Redpath notified, that Lyman was in jail in San Francisco, I got on the train the next morning and went to Los Angeles and met at Pratt & Reach's office. I then began proceedings to recover back my property.

Q. Did you regain your property? A. Yes, sir.

Cross-examination.

By Mr. SCHENCK.—I have known Mr. Redpath for over thirty years. He came up to Riverside to see the family. I saw by the daily papers that he was connected with the Panama Development Company. I first talked about Panama lands with Mr. Redpath and he showed me some Pan-American bulletins.

Q. Do you remember seeing a number of *pham-plets* that had on them, Pan-American bulletins of such and such a date? Some have referred to them here as magazines.

(Testimony of P. J. Haldeman.)

A. So far as that is concerned, I read the magazines; I went down to the library.

Q. These were not shown to you in the office?

A. He didn't show me the Pan-American magazines; I went down to the Public Library and read them. I read Mr. Brown's article in the Pan-American Union Magazine which gave the land laws and which had an article in it on Panama. The first conversation I had with Redpath about Panamanian land was down at the office on Mercantile Place. The defendant Lyman came [456] in at that time and Redpath introduced him to me and we all three sat down and talked about Panama.

Q. You say that you read all those land laws in that bulletin, did you? A. Yes, sir.

Q. You read the statement there about the sugar mill at Agua Dulce and the railroad from Panama to David, did you? A. Yes, sir.

Q. Did you know that Mr. Redpath would be entitled to a commission of ten per cent if he succeeded in selling you?

A. I didn't look into that at all; so far as that is concerned, I didn't think that was necessary so far as Mr. Redpath and I were concerned, because the land was sold for \$5.00 and I bought it at \$5.00. Redpath didn't tell me that he was to receive ten per cent commission on my property. That is, if he succeeded in getting me to transfer my property at a certain value, that ten per cent of the value would be given to him for his services. Mr. Redpath and I are still very good friends and always have been.

(Testimony of P. J. Haldeman.)

Q. You say they told you what was going to be done with that paper (land agreement), in the matter of its being filed. Who was it told you that?

A. I think both of them told me. So far as that is concerned, I can't recollect exactly whether they did.

Q. You don't know whether they told you that or did not?

A. Yes, I remember them speaking about it. In other words, I mean to say, one of them did, but which one I don't know.

Q. Do you mean to say that they told you the Panamanian Government was the owner?

A. Yes, sir. [457]

Q. Or that they were agents for the Panamanian Government?

A. I beg pardon; that they were the Panama Government agents.

Q. Didn't they tell you that they would file it with their agents in Panama? Is it possible that that is what they told you? A. It may have been.

Q. They told you they had agents in Panama, didn't they? A. Yes.

Q. How long had Pratt & Reach been your attorneys prior to the time you came down here from Riverside?

A. They never were my attorneys. When I got this telephone message I came right down there. Mr. Pratt was a friend of Mr. Redpath's and he notified me that there was something crooked, and I came down as quick as I could. Mr. Redpath did

(Testimony of P. J. Haldeman.)

not tell me that Pratt & Reach were his attorneys. He didn't tell me that Pratt & Reach were attorneys for the Panama Development Company, or his own personal attorneys.

Q. Did you know these facts to be facts at that time?

A. At that time I did not, but I knew afterwards that Mr. Pratt was a great friend of Mr. Redpath's back east.

Q. Mr. Redpath told you that the title of these lands would come direct from the Government?

A. They both told me that.

Q. You and Mr. Redpath and Dr. Lyman talked over these Pan-American bulletins and those magazines?

A. No; very little. I don't think we talked about them at all.

Q. In making the negotiations and in consummating the trade did you rely entirely on what they said verbally and without regard to your own investigations? [458]

A. I did not so far as that is concerned. I wouldn't make an investment on what I read in the magazines, unless I talked with the parties who promoted the proposition.

Q. Then you relied in part on one and part on the other? Is that it? Partially on the statements made to you by Redpath and partially on the statements made by Dr. Lyman and partially on the statements that you saw in the Pan-American bulletins, and your own investigations?

(Testimony of P. J. Haldeman.)

A. That would give me a foundation. Of course I would have to rely on their statements.

Q. Am I correct in my understanding that after you heard their statements you went to the libraries to see what you could find?

A. I found the land laws and found books on that subject in the library. I know a man by the name of Sebrell. I tried to get him interested to take some land as a friend. I talked to Mr. Sebrell about it. I did not try to interest him one way or another. I told him I had gone into it. I cannot recollect whether there was any arrangements between Mr. Redpath and myself with reference as to the division of commission with reference to the case of J. D. Sebrell, in the event that Mr. Sebrell bought lands through the Panama Development Company.

Q. You were shown a map that was hanging on the wall at 216 Mercantile Place by both Redpath and Lyman?

A. Yes, sir; and I was shown the red line of the railroad.

Q. And told that the Government had let a contract for the railroad, or were advertising for bids for the railroad?

A. In my conversation with Lyman, they were working on the railroad. I was told that the red lines as shown on there [459] was from the official survey taken from the War Department at Washington..

Testimony of F. T. Morrison, for Plaintiff.

F. T. MORRISON, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is F. T. Morrison. I live in Riverside and am in the real estate business. I remember seeing the defendant in Riverside in 1911. I had a conversation with him. He called in to list with me the Haldeman property at Hollywood and Prospect Avenue, for sale. He said he had just acquired the property and wanted to sell it. He said it had cost him \$18,000 but I told him that I had it listed and had been offering it for \$16,000. He said that if I could make a quick sale he would take \$16,000 and I offered it for sale at that price.

Q. I will show you a copy of this letter dated August 26, 1911, addressed to you, and ask you whether you received the original of that letter.

A. I received the original of that letter. I have looked for the original of that letter but have not been able to find it; it was typewritten on St. Francis Hotel stationery.

(The said document so offered in evidence is marked United States Exhibit 152, is read in evidence, and is as follows:)

**U. S. Exhibit No. 152—Letter, September 6, 1911,
John G. Lyman to F. T. Morrison.**

“September 6, 1911.

F. T. Morrison,
Glenwood Block,
Riverside, California.

If you can sell the Haldaman property this week

(Testimony of F. T. Morrison.)

will take twelve thousand of which only three thousand need be cash. This property sold for eighteen thousand two months ago but am in desperate need of three thousand instantly which is reason for sacrifice. This offer only good three days.

JOHN G. LYMAN,
St. Francis Hotel.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 152. Fld. Nov. 4, 1913. Wm. M. Van Dyke, Clk. By Robert W. Rinehart, Deputy Clerk.
[460]

Mr. REGAN.—I now show you letter dated Riverside, California, September 7, 1911, addressed to John G. Lyman, St. Francis Hotel, San Francisco, California, signed F. T. Morrison. I will ask you if you dictated that letter? A. I did not.

Q. Who did?

I think my partner. I am not sure. During the negotiations I left the city, and the matter was carried on by my partner, and he must have written this letter, because I did not. It is not my handwriting. I think it is R. J. Nelson's. We did sometimes sign each other's names. We were partners, but sometimes we did our correspondence under our own names.

Mr. REGAN.—I ask that it be marked United States Exhibit 154 for identification.

(The said letter is marked United States Exhibit No. 154 for identification.)

Cross-examination.

By Mr. SCHENCK.—How long had that property

(Testimony of F. T. Morrison.)

been listed for sale with you at \$16,000, prior to the time you saw the defendant?

A. I had that Haldeman property listed for sale with me at \$16,000 for several months prior to the time I saw the defendant. When the defendant listed that property with me, he told me it cost him \$18,000. He did not say what he had paid for it. He said it was subject to a \$7,000 mortgage. He didn't list it with me in writing. Just by word of mouth. I have not any writing from him at all, showing the price; only letters and telegrams.

Testimony of N. R. Bell, for Plaintiff.

N. R. BELL, called and sworn on behalf of the United States, upon [461] direct examination by Mr. Regan, testified as follows:

My name is N. R. Bell. I live at Riverside. I am acquainted with Mr. Haldeman at Riverside. In the summer of 1911 I saw the defendant John Grant Lyman. He called at my office. I had a conversation with him; that conversation was with reference to securing a loan on the Haldeman property. The defendant told he he had just bought the property from Mr. Haldeman and he wished either to make a loan or dispose of the property. He fixed a price of either \$17,000 or \$18,000.

Q. What did he want in the way of a loan?

A. There was a mortgage on it he told me, either of \$7,000 or \$8,000, I don't remember which, but he wanted \$3,000 or \$4,000 more.

Q. Did he say anything to you about its being the property of the Panama Development Company?

(Testimony of N. R. Bell.)

A. It seems to me that he did—that he represented the Panama Development Company or that he was connected with them. I don't remember the conversation.

Q. I will show you this letter dated July 10, 1911, addressed to you and ask you whether or not you received that letter? A. I did.

Mr. REGAN.—I ask that the letter just identified by the witness be marked United States Exhibit 155 for identification.

(The said letter is marked United States Exhibit 155 for identification.)

Mr. REGAN.—I show you a copy of this letter, September 5, 1911, addressed to you, and ask you whether or not you received the original of that letter?

A. I did. If I remember right it was signed by John G. [462] Lyman or J. G. Lyman. I haven't the original of that letter. I have looked for it and as far as I know it has been destroyed.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit 158.

(The said letter so offered in evidence is marked United States Exhibit No. 158, is read in evidence and is as follows:)

**U. S. Exhibit No. 158, Letter—September 5, 1911,
—— to N. R. Bell.**

Sept. 5, 1911.

Mr. N. R. Bell,
Riverside, Calif.

Dear Sir:—

Your letter of 2nd inst., is a distinct disappoint-

(Testimony of N. R. Bell.)

ment as I was hopeful we were going to close this sale at once. Now if it cannot be done promptly I will withdraw the property as it is only because I had urgent need of the money that I was willing to sacrifice it at this time, and if I am compelled to raise funds elsewhere I certainly would not think of selling this property at the price offered you. Please get in touch with your prospective buyer at once, and wire me when you expect to be able to close, as on this will depend whether I withdraw it or not.

Address care of the above hotel.

Very truly yours,

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 158. Fld. Nov. 4, 1913. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.

WITNESS.—I do not know on what hotel paper that letter was written on. I do remember that the letter came from San Francisco.

Cross-examination.

Mr. SCHENCK.—This letter of September 5th which you say came from San Francisco, in which he says he was willing to sacrifice, etc., he says in there “Your letter of the 2nd inst” where did you write that letter to if you remember?

A. I wrote it to San Francisco. I don’t remember what hotel or street.

Q. Is this all the correspondence passing between you and the defendant or the Panama Development Company? [463]

(Testimony of N. R. Bell.)

A. All that I remember of. That is all that I could find. I think I wrote him two or three times; one letter was sent to San Francisco and a telegram to San Francisco. I never had any correspondence with the Panama Development Company that I know of, nor with Mr. Smith.

Q. Did you answer this Exhibit 155 for Identification?

A. I think I wrote and told him that I couldn't find anybody that would take a second mortgage on the property; that I couldn't increase the loan.

Testimony of Jacob Vandegrift, for Plaintiff.

JACOB VANDEGRIFT, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is Jacob Vandegrift. I am in the real estate business in Riverside. In the summer of 1911, I remember seeing the defendant. He called at my office and I had a conversation with him. He said he owned the Haldeman property down there and wanted to sell it. The price he put on it I think was \$18,000. I think he said there was a \$7,000 mortgage on the property. He said he would like to borrow some money on it if he could.

Mr. REGAN.—I show you a copy of a letter dated September 6, 1911, addressed to you, and I ask you whether or not you received the original of that?

A. Yes, sir. It was signed by Lyman, I haven't the original of that and do not know where it is.

(Testimony of Jacob Vandergrift.)

MR. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit No. 160.

(The said letter so offered in evidence is marked United States Exhibit No. 160, is read in evidence and is as follows:)

**U. S. Exhibit No. 160—Letter, September 6, 1911,
—— to Jacob Vandegrift.**

[464]

September 6, 1911.

Mr. Jacob Vande Grift,
Lloyd Block, Main Street,
Riverside, California.

Dear Sir:

Have just wired you that if you could sell the Haldeman property this week, would take twelve thousand dollars, of which only \$3000 need be cash. As you know this property recently sold for \$18000, but as I am desperately in need of \$3000 instantly, will sacrifice it, as above offered, providing I can get the money without delay. This offer will not hold good beyond this week, as if I have to raise the money elsewhere would not think of selling the property at this price. If you do anything telegraph me to the above address, and I will send on a deed to be placed in escrow pending the usual examination of title and payment of the money. As you know there is a first mortgage on the property of \$7000, and the difference less cash payment I will take a second mortgage for at 7%, to run for two years.

(Testimony of Jacob Vandergrift.)

Trusting you will be able to effect this sale, I am,
Very truly yours,

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 160. Fld. Nov. 4, 1913. Wm. M. Van Dyke, Clerk. By Robert Rinehart, Deputy Clerk.

Cross-examination.

(By Mr. SCHENCK.)

Q. Do you remember what kind of stationery this letter was on or will it be stipulated that it was all on St. Francis Hotel stationery and sent from San Francisco by John Grant Lyman?

Mr. REGAN.—Yes.

Mr. SCHENCK.—No cross-examination.

Testimony of G. M. Byrd, for Plaintiff.

G. M. BYRD, called on behalf of the United States, having been previously sworn, testified as follows:

By Mr. REGAN.—State your name in full.

A. My name is G. M. Byrd.

Mr. REGAN.—I would like to withdraw Mr. Byrd at this time and put on Mr. Bush.

The COURT.—Very well. [465]

Testimony of B. B. Bush, for Plaintiff.

B. B. BUSH, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is B. B. Bush. I am in the real estate business at Riverside, California. I remember the defendant coming to my office in the summer of 1911 in reference to the Haldeman property. I had a conversation with him at that time. He wanted me

(Testimony of B. B. Bush.)

to go down and look at the property with him. He wanted me to sell it for him. I went down to look it over and he placed a price on it, I think of \$17,000 or \$18,000. I believe he said there was some mortgage on it of \$7,000.

Q. I show you this letter dated Riverside, California, August 25, addressed to the defendant and signed B. B. Bush. I will ask you whether or not you dictated and signed that letter?

A. Yes, sir.

Mr. REGAN.—I now offer the letter from the witness to Dr. Lyman, and a letter in reply from Dr. Lyman to the witness, the letter being dated August 26, 1911, together with a copy of a telegram from the defendant to B. B. Bush, Riverside, a telegram from the witness Bush to Lyman, dated September 6, and a copy of the letter from the defendant to the witness and ask that they be marked as one exhibit.

(The said letters and telegrams are as one exhibit, marked United States Exhibit 161, read in evidence, and the following is a copy of said exhibit:)

**U. S. Exhibit No. 161—Letter, August 25, 1911,
B. B. Bush to John G. Lyman.**

B. B. BUSH,
Real Estate Loans,
Insurance, Notary Public.
634 Seventh St.

Phones:

Home 1651.

Pacific 403.

Riverside, California, Aug. 25, 1911.

Dr. John Grant Lyman,
Los Angeles, Cal.

Dear Sir:—

I have tried hard on your proposition you submitted when [466] you were here and to date I have not been able to interest anybody. The main objections being that when the street was opened up on the South side, similar to the abutting streets, it would make the property cost so much that in sub-dividing, the lots would be so short that they figure they could not get the price that would make them a profit. They have also figured that in order to subdivide, the house that is now there would have to be moved on to a single lot, and their figures were for that from \$1000.00 to \$1500.00.

I will be away until Monday but will then take it up again and will see if I can meet with any better success.

I have tried four different parties this afternoon on the additional loan and was turned down by each.

Respectfully yours,
B. B. BUSH.

**U. S. Exhibit No. 161—Letter, August 26, 1911,
—— to B. B. Bush.**

August 26, 1911.

Mr. B. B. Bush,
634 Seventh Street,
Riverside, California.

Dear Sir:—

Replying to your favor of August 25th, would say, that without opening up the street on the south-side of the Holdeman property, there ought to be a fine profit in sub-dividing and facing the two streets, Prospect and Hollywood, and if done in this manner, they would be deep lots, and at least \$30,000 ought to be realized from the property.

If you can get me a loan of \$3,000 on it, I will agree to spend that money in putting up a new house on the place, and when that it sold off, build another. If a bungalow is put up that should certainly be good security and ample for the loan. Please see what you can do. Meanwhile, if you can sell quickly for \$14,000, you may do so. I will accept \$3,000 cash and a mortgage for the balance. Now please see what you can do at once.

Yours very truly,

**U. S. Exhibit No. 161—Letter, September 6, 1911,
John G. Lyman, to B. B. Bush.**

September 6, 1911.

B. B. Bush
Riverside, California.

If you can sell the *Halaman* property this week

will take twelve thousand of which only three thousand need be cash. This property sold for eighteen thousand two months ago, but desperately need three thousand instantly which reason for sacrifice. This offer only good for three days.

JOHN G. LYMAN,
St. Francis Hotel.

**U. S. Exhibit No. 161—Lettergram, B. B. Bush to
John G. Lyman.**

(Night Letter on Form Western Union.)

Riverside, Cal., 6.

John G. Lyman,
St. Francis Hotel,
San Francisco, Cal.

Your message reads will take this week twelve dollars. I take it you mean twelve thousand and that you will pay regular commission. Will do my best.

B. B. BUSH.

Sep. 6, 1911. 5:50 PM.

[467]

**U. S. Exhibit No. 161—Letter, September 6, 1911,
—— to B. B. Bush.**

September 6, 1911.

B. B. Bush, Esq.,
Riverside, California.

Dear Sir:—

Have just wired you that if you could sell the Haldeman property this week, would take \$12,000, of which only \$3,000, need be cash. As you know, this property recently sold for \$18,000, but as I am

(Testimony of G. M. Byrd.)

desperately in need of \$3000 instantly, will sacrifice it, as above offered, providing I can get the money without delay. This offer will not hold good beyond this week, as if have to raise the money elsewhere would not think of selling the property at this price. If you can do anything telegraph me to the above address, and I will send on deed to be placed in escrow pending the usual examination of title and payment of money. As you know there is a first mortgage on the property of \$7000, and the difference less cash payment I will take a second mortgage for at 7%, to run for two years.

Trusting you will be able to effect this sale, I am,
Very truly yours,

[Endorsed]: 762—Crim. U. S. v. Lyman. U. S. Exhibit No. 161. Fld. Nov. 4, 1913. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.

At this point there was a discussion on an objection heretofore urged by Mr. Schenck relative to the testimony of third persons outside of the presence and hearing of the defendant. The Court overruled the objection.

Direct Examination of G. M. BYRD Resumed.

Whereupon witness testified as follows:

I am a salesman located in the Washington Building in this city. I am acquainted with the defendant and was introduced to him by L. R. Smith. I first met the defendant in the Consolidated Realty Building. Mr. Smith took me there. Mr. Smith told the defendant that he had employed me and

(Testimony of G. M. Byrd.)

the defendant said that anything that Mr. Smith did was satisfactory to him. Sometime in May I went over to the office of the Panama Development Company in Mercantile Place and Mr. Smith gave me some literature to read over. It was a pamphlet. I think he showed me this brown folder United States Exhibit 48. [468]

Q. Now, did you notice a statement in the folder there about the capitalization of the company at that time?

A. I don't know whether I did at that time or not, but I did in reading it. I spoke to Mr. Smith about it.

Q. What did you say to him?

Mr. SCHENCK.—I don't know whether my record is straight on this objection or not. My objection as to any and all conversations had between the witness and any one else other than the defendant, in the absence of the defendant, we object to that on the ground that they are incompetent, irrelevant and immaterial, hearsay and no foundation laid.

The COURT.—Your objection is overruled.

Mr. SCHENCK.—Will it be stipulated that each and every question asked which seeks to adduce and show before the Court and jury the conversations, acts, declarations, and statements made by these various parties outside of the presence of the defendant, are objected to on the same ground as indicated in this objection, and that the objection is deemed to be overruled?

(Testimony of G. M. Byrd.)

Mr. SCHENCK.—That is to say, that each question propounded which seeks to adduce testimony as to conversations, acts and statements made by third persons outside of the defendant's presence, are objected to upon the grounds indicated in the objection to this question?

Mr. REGAN.—Yes, if you understand that the grounds of objection are embraced in the Gooding case. 12 Wheat. 460.

Mr. SCHENCK.—Yes; and if there is any further objection, it will be indicated when the question is asked.

Mr. REGAN.—That is satisfactory.

Mr. SCHENCK.—Is that satisfactory to the Court?

The COURT.—Yes, sir. [469]

Q. (By Mr. REGAN.) What conversation did you have with Mr. Smith about the capitalization of the company?

A. I asked him if the \$1,000,000 was paid in and he said it was none of my business.

Q. Did you use those brown folders for the purpose of giving them to the people who came in, in reference to Panama lands?

A. Yes, sir. I don't know whether they were all brown or not, but we gave these little folders to the people.

Q. Did you either at that conversation or a later conversation with Mr. Smith, discuss the timber lands in Panama?

(Testimony of G. M. Byrd.)

A. I think he gave us some instructions in regard to it—

Q. What was it?

A. That is, four-fifths of the land was all that had to be cultivated and that the parties could have another fifth in timber. I think he told me the timber land was at Veraguas.

Mr. REGAN.—Now calling your attention to Montijo Bay here in Veraguas, was anything said to you about that bay or that harbor?

A. I think my instructions from Mr. Smith were that this timber land lay near Santiago, there in that section of Veraguas, and could be rafted to the port of Montijo, and from there could be taken wherever it was to be sold. He also told me that the harbor of Montijo bay was navigable. In a general way he indicated to me on United States Exhibit 40 where the lands in Chiriqui were situated. He said they were near David, between David and Mt. Chiriqui, along in here in this section (witness indicating near the Costa Rican border).

Q. Did he indicate any land in the vicinity of David and Chiriqui? [470]

A. I don't remember. He said that was orange land.

Q. Did he say anything to you about a sugar mill at Agua Dulce?

A. I forget whether he told me there was one in operation or one being constructed, I can't be positive which. I don't think he said anything to me about Hernan de la Guardia, only that he was presi-

(Testimony of G. M. Byrd.)

dent. I think he said that Guardia was the son of the Attorney General or the son of a man who had been Attorney General of Panama. Lyman said in having that connection in Panama that they would be able to get better lands than an ordinary man going down there and hunting for himself.

Q. What sort of lands did he tell you the company was selling?

A. Well, I don't remember that he said he was selling any land.

Q. I don't mean as to banana lands or sugar lands, but whose land was the company disposing of?

A. Panamanian Government land. He did not tell me anything about having experts down there in Panama until after Mr. Ryan went down there. I know Mr. Smith that worked for the Segnogram Press at that time. I think I got acquainted with him at that time. I have seen Mrs. Dougherty of the Dougherty Multigraphing Company bringing in many circulars.

Q. What would be done with them after they would be brought in?

A. Generally the last sheet would be distributed on the salesmen's desks to be signed. All of us signed those circulars. I know Mr. Lynn, My Maynard and myself did. [471]

Q. How did the circulars get on your desk, if you know?

A. Sometimes Mr. Smith would place them there, and sometimes he would say "come and get them."

(Testimony of G. M. Byrd.)

After they were signed they would be folded and put in envelopes.

Q. Now showing you United States Exhibit 66-A, the land agreement, did you have any conversation with Mr. Smith in reference to the use of them?

A. Well, when we made a sale, to fill it out.

Q. What was to be done with it after it was filled out?

A. Those that I sold or contracted for I drew out the two sheets—the second sheet and the power of attorney sheet, those I turned in to Mr. Smith *or* Mr. *Smith* or Mr. Redpath with the money. We were to keep a copy of the land agreement and power of attorney.

Q. What were you instructed as to what would be done with those papers that the Company kept?

A. Sent to Panama.

Q. Whom were they to be filed with, if anybody, in Panama? A. The Panamanian Government.

Q. Were you told how soon they were to be sent?

A. I don't think so. I might have been told. Oh, after the purchaser gets his contract.

Q. Were you told how soon these papers which were kept by the Company would be sent to Panama to be filed with the Government?

A. I believe Mr. Smith told us that they would be sent right away.

Q. Did you ever send any yourself? A. Yes, sir.

Q. Did you ever know or see any sent? [472]

A. I had no way of knowing, no, sir.

Q. Examine that statement, and state whether or

(Testimony of G. M. Byrd.)

not that is the one you made and whether or not it refreshes your recollection in regard to the matter I have just asked you. A. Yes, sir.

Q. Now, I ask whether or not during your employ with the Panama Development Company you received any names and addresses from the defendant.

A. Yes, sir. I remember Mr. Amiel. He came into the office at Mercantile Place. He walked into the office like any other customer to investigate and see what we were selling and what the proposition was. Amiel told me that he was going to Panama. I told Amiel that it was Government land.

Q. Did you ever receive any names and addresses from Lyman? A. I don't remember.

Q. Where did you get the names and addresses that you wrote to?

A. From answers to advertisements I think. Mr. Smith might have told us to write to several.

Q. Furnishing you the lists?

A. He might have; yes, sir, he had several there. I think the defendant might have dropped a letter or an advertisement. I think that was the form it was in, on my desk and told me to call on a man or attend to that, or something of that nature, which I did. Mr. Lyman went to San Francisco and told me to address my mail to him, General Delivery, and report daily what was going on, and in one letter I received from him, I can't [473] be positive whether it had a signature to it or not—it said if there were any live ones in or around San Francisco, that I was to write to them and suggest that they call on James Lindsay,

(Testimony of G. M. Byrd.)

who had recently purchased 5,000 acres of land in Panama. I looked in the files to see who James Lindsay was and to ascertain who sold him, but did not find anything. At the time Mr. Smith went to Panama, the defendant said I could use his desk. He told me to turn the mail over to Redpath and not to open it.

Cross Examination

By Mr. SCHENCK.—I talked to various people about becoming interested in Panama lands. I also read various literature that was in the office of the Company about Panama lands. I showed customers or prospective customers, or those who did eventually invest, this literature. By literature, I mean that which bore the name of the Panama Dev. Co. and a magazine there that Mr. Smith subscribed for called the Pan-American Union. I showed that also to the prospective customers.

Mr. Redpath had *a* on his desk. I don't know the name of it. I think it had something to do with the Canal or the country or something. I was working on a straight commission.

Q. Did anyone tell you where that map that was shown to you there—that big map—did anyone tell you where it came from?

A. From the War Department. You could read it on there.

Q. Were you down there at the office of the Company when the place was closed?

A. I locked the doors the last night with a key. Miss Clark was with me. When I came down the

(Testimony of G. M. Byrd.)

next morning there was [474] a padlock on it. I didn't take any part in taking the papers out of there, nor did I see them taken out.

Q. When was it that you sent back the money to the parties who had purchased it through you? Was it after the office closed or before? A. Before.

Q. How much before?

A. I can't say how many days.

It was after we received Mr. Smith's telegram that he would be arrested that I returned the money. I asked Mr. Redpath about it and he said he would return it. The letter was from Mr. Hawthorn, in Lead, South Dakota, and was addressed to me.

Redirect Examination.

I have seen Lyman dictate letters at the Mercantile Place office and Miss Clark has handed me letters that he said to sign. After Smith went away, Lyman said he was going to try out the different ones at the desk to see which was the best man for the place. By the desk he meant the position vacated by Mr. Smith. The telegram Smith sent which induced me to return the money was in code, and I couldn't understand it. I went to the telegraph office and translated it, and Blindall, the first word scared me to death. That is the only one I ever remembered.

Q. What did that mean?

A. "I will be arrested." It kept me up till one o'clock.

Recross Examination.

I remember signing the affidavit you show me. I got up the contents myself. [475].

(Testimony of G. M. Byrd.)

Q. Calling your attention to this part where it says: "Mr. Lyman from time to time presented me with names of parties who had land for sale, or exchange, instructing me to call on them with the purpose of trading government lands in Panama for their property here, which I did," how did you happen to put that in and not put anything in about going out to his house and taking care of it?

A. I didn't think that anything to do with the company. That affidavit was made two years ago, and I can't remember what was said. Mr. Gray never told me to put anything in there except my connection with the company and I put it in the quickest way I could, from beginning to end.

Mr. SCHENCK.—I want to put this in evidence as Defendant's Exhibit "E." (The said statement was offered in evidence, and was marked Defendant's Exhibit "E," read in evidence, and is as follows:)

Defendant's Exhibit "E"—Affidavit of George M. Byrd.

County of Los Angeles,
State of California,—ss

G. M. Byrd, first being duly sworn, deposes and says:

I came in contact with the Panama Development Company by meeting Mr. Smith, its secretary, on the street about May 22nd, 1911, when he asked me if I wanted a position. I told him I did and he said he thought he could place me sometime within the next week. He called me over the 'phone at my house and asked me to meet him, which I did, and we went to

No. 433 Consolidated Realty Building and I was introduced to Dr. John Lyman, Mr. Smith stating that I was a friend of his and that I was a good salesman. Mr. Lyman replied in the usual manner, that he was pleased to meet me, and any arrangements that I made with Mr. Smith would be entirely satisfactory to him.

I was employed as a salesman with a drawing account, and upon Mr. Smith's departure for Panama, Mr. Lyman asked me if I would like to take charge of his desk (Mr. Smith's), saying everyone was to have a chance on the desk to see which one made good, which place I accepted and filled until the offices were closed.

Mr. Lyman from time to time presented me with the names of parties who had land for sale, or exchange, instructing me to call on them with the purpose of trading government lands in Panama for their property here, which I did.

I know nothing whatever of any meetings of the board of [478] directors of the Panama Development Company nor do I know of the existence of an option on 5,000 acres of land in Panama alleged to have been secured by Mr. Lyman for the company on a recent visit to Panama.

(Signed) GEO. M. BYRD.

Subscribed and sworn to before me this 11th day of September, 1911.

(Signed) RAYMOND GRAY,
Postoffice Inspector.

[Endorsed]: 672—Crim. U. S. v. Lyman. Defts. Exh. "E." Fld. Nov. 5, 1913. Wm. M. Van Dyke. By Robert Rinehart, Dep. Clk.

Testimony of Earl A. R. Lynn, for Plaintiff.

EARL A. R. LYNN, called and sworn on behalf of the United States, upon direct examination by Mr. Regan testified as follows:

My name is Earl A. R. Lynn. My business is Manager of the collection department of the Angeles Laundry. I have lived in Los Angeles sixteen years. I am acquainted with the defendant. I met him about the 15th day of April, 1911, in answer to an ad in the paper for a real estate salesman. I went to the Alexandria Hotel and saw him and had a talk with him. He told me I would hear from him in a few days if he decided to employ me. At that time he said he wanted me to sell land down at Panama. He also told me he thought he had a very good proposition down there; that the land was very fertile and the soil very good, etc. He gave me a book published by Forbes Lindsay on Panama to read. I read most of it. I next saw the defendant on the 24th. He wrote me a letter and told me to call at *at* the Alexandria and I went down there and he said, "I have decided to hire you, and I want you to work two or three weeks for me before I open up my office," which I did.

Q. What did you do?

A. Well, I run around and attended to the outside business for him, such as getting typewriting done, and went to the dif- [477] ferent printing establishments to see about getting literature printed.

Q. When did you first go to the office of the Panama Development Company on Mercantile Place?

(Testimony of Earl A. R. Lynn.)

A. I went there with Lyman along about the last of April. The office was not in condition then. We had not started to fix it up at that time. He took me down and said: "This is the office where I am going to have my place at—where I am going to locate at." The office was furnished sometime the first part of May.

Q. Up to the time that the office was furnished had he told you what he intended to do with reference to selling lands?

A. Why, he told me that he had a proposition down there in Panama whereby he was going to locate purchasers on Government land. He said something about having a contract, but I could not positively swear that he mentioned the Panama Government.

Q. Do you remember talking to me in my office two or three days ago and at that time telling me that Lyman told you he had a contract with the Panamanian Government to sell Panama lands?

A. I don't know that I told you that he had a contract with the Government. He told me that he had a contract with Guardia down there to locate people on Government land.

Q. At the time the defendant took you down to his office at Mercantile Place, had he at that time told you anything about his having been down in Panama?

A. Yes, sir. He told me that he had been down there and had been all over the country; that the land was suitable for raising sugar and bananas; that he was interested in land down there. [478]

Q. Do you know Mr. Smith?

(Testimony of Earl A. R. Lynn.)

A. I met Mr. Smith in the Story Building and was introduced to him by Dr. Lyman. I afterward met him at the Consolidated Realty Building with Dr. Lyman. I had a conversation with the defendant about Smith and he told me that Smith was to manage the office and for me to take my instructions from him.

Q. You mean the Panama Development office?

A. Yes, sir.

Q. When did you first know that you were assistant secretary?

A. When the literature came out I saw my name on there, E. A. Lynn. I asked the Doctor about it and he said, "Mr. Lynn, all you will have to do, you won't have any duties to perform with the Company over there except as salesman of the land."

Q. Did he tell you why he put your name in?

A. I don't remember. Mr. Smith told me that my name was put in to fill up.

Q. Showing you United States Exhibit 48, a small brown folder,—literature, I ask you whether or not that booklet was down there in the office.

A. Yes, sir. Several hundred of them. I don't remember that the defendant ever said anything to me about this book particularly. He told me to give this book out whenever I could, if anybody bought land, with the rest of the literature down there. I also mailed thousands of them.

Q. Did the defendant say anything to you about mailing them?

A. I don't remember whether he said anything

(Testimony of Earl A. R. Lynn.)

about mailing them, but Mr. Smith in the office there—

Mr. SCHENCK.—Just a moment. That, I guess, will come [479] in under the other objection, the stipulated objection, that we got on all this hearsay. I presume that will be covered and it will be stipulated that this continues with all these witnesses.

Mr. REGAN.—Yes.

Mr. SCHENCK.—Go ahead.

A. I used to mail that little book and several other pieces of literature from the office every day.

Q. (By Mr REGAN.) Who told you to mail them?

A. Mr. Smith, the manager, used to bring those letters to my desk and have me sign them, and we mailed them all out at different times.

Q. Did you receive any instructions from Lyman—you say that he instructed you to hand them out to purchasers. Did he say anything to you about mailing them at the same time?

A. No, I don't believe he did. I had a conversation with him as to why his name did not appear as an officer of the company.

Q. What was the conversation?

A. Why, I merely asked him one day, I says: "Doctor, why is it your name did not appear as one of the officers on this literature? "Well," he says, "I will tell you, Lynn; I am defending a divorce case in the east, and I would rather not have my name appear, because I do not want the Mrs. to know how I am financially fixed."

(Testimony of Earl A. R. Lynn.)

Q. Do you remember this map, United States Exhibit 40, in the office of the Panama Development Company?

A. Yes, sir. I had a conversation with the defendant about the location of these government lands, in reference to that map. He indicated me *me* where the Government lands were situated. He indicated that the sugar lands were located here in [480] Agua Dulce colony. (Witness indicating on U. S. Exhibit 40, *Augua Dulce*.) He also indicated to me timber lands here (the witness indicating timber lands in Veragues, near Montijo Bay) and banana lands in Boca del Toro.

Q. I show you United States Exhibit 43, map of Agua Dulce. I will ask you whether or not later that came into the office?

A. Yes, sir. I received instructions with reference to this map and the use of it, from Mr. Smith. I don't remember whether Lyman said anything about that map or not.

Q. Did Lyman tell you where to sell Mr. Anderson land?

A. I told you the other day, Mr. Regan, that I took that letter over to Dr. Lyman that Mr. Anderson wrote—

Q. A letter from Anderson?

A. Yes, that Anderson wrote me from Sawtelle—I took it over there and showed it to Dr. Lyman and asked him what I should do about it, but as I have been thinking about that proposition, I don't believe I took it over to him. I think I took it to

(Testimony of Earl A. R. Lynn.)

Mr. Smith, as I told you night before last in your office.

Q. I am talking about Mr. Anderson's purchase. Did the Doctor indicate to you or tell you where to locate Mr. Anderson on that map?

A. He may have, but I don't remember at this moment whether he did or not.

Q. Was it either Smith or Lyman that told you what block to give Mr. Anderson?

A. Mr. Smith. It was either Mr. Smith or Dr. Lyman, I don't know which. I got all my instructions from either one of the two. [481]

Mr. REGAN.—What information did you receive as to the condition of the railroad, whether it was completed or being constructed?

A. Well, for the first two or three weeks we were in the office there our literature read that bids were advertised in the United States for the construction of the railroad from the city of Colon down to the city of David; as I remember it three or four weeks after that the literature came out and said that the railroad was being constructed from the city of David to the city of Colon. By the literature I referred to I mean the multigraphed letters that came from Mrs. Dougherty.

Q. Did you ever have any conversation with Lyman as to the railroad, as to whether it was being constructed or about to be constructed or had been constructed?

A. I think the second week I was there he took me up to the map and pointed out—he said the railroad

(Testimony of Earl A. R. Lynn.)

will be constructed from the city of David down to the city of Colon; I don't believe he ever told me it was being constructed.

Q. Did Lyman use to come to the Panama Development Company office?

A. Yes, sir. Sometimes two or three times a week, and sometimes two and three times a day. Dr. Lyman told me if anybody wanted to know anything about this country to send them over there to his office at the Consolidated Realty Building. He told me not to tell any of them he was connected with it.

Q. Did you receive instructions as to what to tell the purchasers, was to be done with those land agreements that were executed? A. Yes, sir.

Q. Where did you get these instructions? [482]

A. From Mr. Smith.

Q. Not from Lyman?

A. I don't remember whether he ever instructed me what to do with these contracts or not. I think he did, but I could not positively swear to it.

Q. What instructions did you receive in reference to the use of this land agreement, United States Exhibit 66-A and B?

A. Well, the outside contract was to be given to the purchaser.

Q. The one with the seal on it—with the blue ribbon?

A. Yes, sir. The inside contract always goes to Mr. Redpath and that was supposed to be sent down to Panama.

(Testimony of Earl A. R. Lynn.)

Q. Were you told that they would be sent down immediately?

A. No, I was not. I never attended a meeting of the directors of the Panama Development Company, or a meeting of the stockholders of the Panama Development Company.

Q. I show you United States Exhibit No. 74, what purports to be the minutes of the meeting of the directors held on May 16, 1911, signed John Redpath, by E. A. Lynn, assistant secretary. Is that your signature?

A. Yes, sir. I never attended that meeting.

Q. At whose direction did you sign them?

A. If I remember right, Mr. Redpath and Dr. Lyman was in the office one day, and Mr. Redpath brought this black book over to me and he said: "Lynn, sign these minutes," and I signed them all at the same time. If I remember right, Lyman was there. I never stopped to read the minutes over. I signed those minutes just like I signed circular letters that came to my desk.

Q. What did Lyman tell you about the land at Agua Dulce, as to what sort of land it was? [483]

A. He told me it was sugar lands. He said the soil was very fertile there. He didn't tell me it was swampy.

Q. You don't remember anything being said about an American colony to which the company had sold 10,000 acres?

A. Our literature said that and I always sold the land from the literature. I got those instructions from Mr. Smith.

(Testimony of Earl A. R. Lynn.)

Q. Referring back to the conversation which you had with Lyman with reference to the Agua Dulce land, was there anything said as to the location of the lands that you were selling with reference to where the American Colony was located?

A. I don't think the defendant ever mentioned anything to me about an American colony—that he used to sell these lands right next to the American colony.

Q. Just examine this statement, if you will, please, this paragraph. Having examined that, can you state whether or not the defendant told you that the lands the company had were adjoining those of the American colony?

A. I could not say. If I made that statement to you, Mr. Regan, I told you something I did not know what I was talking about, because I don't think the defendant ever told me that the lands were being located next to the American colony. In fact, I don't remember ever having a conversation with the defendant in regard to the American colony down there. I think I read that statement before coming in here, for the purpose of correcting it if it contained any erroneous statement. I used to go over to the defendant's office in the Consolidated Realty Building from the office in Mercantile Place at the direction of Mr. Smith and Mr. Redpath. Several times defendant might phone over there and ask me to bring something over to him and I would take it over. I brought these letters from his office to the Panama Development Company. [484]

Q. What instructions did you receive, if any, from

(Testimony of Earl A. R. Lynn.)

the defendant when you took the letters over?

A. I don't remember any instructions that I received from him. There were several letters that I used to bring from his office over to the Panama Development Company and he said, "Mr. Lynn, get these letters signed and send them out."

Q. Signed by whom?

A. Well, no one in particular. The salesmen there in the office all signed these different letters. I might have signed letters giving the name of Dr. Lyman, a prominent physician on Hobart Boulevard, as a reference.

Q. While engaged in selling these lands as salesman, did you give out literature such as United States Exhibit 62 (paper handed to witness)? That is timber resource circular?

A. I remember mailing a lot of those, but I don't remember ever giving them out to purchasers. I might have.

Q. And the literature similar to United States Exhibit 45, "The Gateway to Opportunity"?

A. Yes, sir.

Q. And United States Exhibit 55-A, "Are you so conservative that your only view is backwards?"

A. Yes, sir.

Q. And letter such as United States Exhibit 54, "A Land of Opportunity"?

A. Yes, sir. I remember sending such letter out as United States Exhibit *Exhibit* 54, as United States Exhibit 50, "Mr. Careful Man"; and Land Agreement such as United States Exhibit 66; maps such

(Testimony of Earl A. R. Lynn.)

as United States Exhibits 56, 57, 58, 59, and 60, to prospective buyers. [485]

Q. Do you remember Mr. O'Rourke?

A. Yes, sir. I might have had some correspondence with him. I don't remember.

Q. I show you this letter on the Panama Development Company paper, dated August 28th, addressed to Mr. F. L. Anderson, and ask you whether or not you wrote that letter?

A. Yes, sir. That letter was mailed in the ordinary course of business.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 164.

Mr. SCHENCK.—May I ask the witness one question before I see whether I shall object to it or not?

The COURT.—Yes.

Q. (By Mr. SCHENCK.) Do you know where the defendant was at the time he wrote that letter, August 28th?

A. If I remember right, I don't think he was in the city.

Mr. SCHENCK.—He was in San Francisco, wasn't he? A. I think so.

Mr. REGAN.—You think he was in the city—

Mr. SCHENCK.—He said he did not think he was in the city.

Mr. REGAN.—You do not think he was in the city?

Q. (By Mr. SCHENCK.) Did he have anything to do with writing that letter at all?

A. As I remember it, I don't think he did. I think

(Testimony of Earl A. R. Lynn.)

I took the letter to one of the other men in the office, Mr. Redpath or Mr. Smith—I don't remember which one it was—the letter that Mr. Anderson wrote me, and asked him how I should reply to the letter.

Q. Was the letter that came from Mr. Anderson to you addressed [486] to you personally, do you remember?

A. It was addressed to the Panama Development Company and turned over to me. It had my name in the corner. I had known Mr. Anderson; he came in there a short time before that and bought some. I took the letter to Mr. Redpath and Mr. Smith and asked them what I should do and then, thereafter, pursuant to what they may have told me, I wrote this letter and my best recollection now is that the defendant was not in the city at that time. He gave me no authorization, direction, command or suggestion in the matter of the writing of this letter or its contents or the mailing of it in any way.

Mr. SCHENCK.—I object to it as hearsay, incompetent, irrelevant and immaterial and no foundation laid.

The COURT.—Objection overruled.

Q. You remember your testimony this morning with reference to receiving a letter from Anderson?

A. Yes, sir.

Q. You remember this morning that you testified that you told me a few days ago that you took the letter you received from Anderson and showed it to Lyman, and he gave you instructions about answering it?

A. Yes, sir.

(Testimony of Earl A. R. Lynn.)

Q. Then you said your recollection now was not the same. Now, the letter which you were talking about, which was an answer to Anderson, is this letter that I show you now, is it not? A. Yes, sir.

Mr. REGAN.—I now offer the letter and envelope in evidence and ask that it be marked United States Exhibit 164. [487]

(Documents last referred to filed in evidence, and marked United States Exhibit 164, and are as follows:)

**U. S. Exhibit No. 164—Letter, August 28, 1911,
Panama Dev. Co. to S. L. Anderson.**

“Principal Office:

City of Panama, Isthmus of Panama.

Surcusal:

City of David, Province of Chiriqui.

President, Sr. Hernan De La Guardia.

PANAMA DEVELOPMENT COMPANY.

216 Mercantile Place,

Between Fifth and Sixth Streets.

Telephones: Broadway 1050.

Home A 3425.

Los Angeles, Aug. 28–11.

Mr. F. L. Anderson,

Dear Sir:

Yours of the 27th inst. received and contents noted. I can do as you requested for Mr. Funian. I will reserve 20 acres for him in Block 29—right next to

(Testimony of Earl A. R. Lynn.)

his other land on the same terms as he bought the other.

Thanking you and Mr. Funian,

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By E. A. LYNN."

The envelope bears the postoffice cancelling stamp of Los Angeles, Cal., Sta. C, Aug. 28, 5:30 P. M. 1911, and bears a two cent postage stamp canceled.

"Mr. Frederick L. Anderson,
Soldiers Home, Cal.

Ward 9."

(It was stipulated that the letter was in the handwriting of the witness, on the paper of the Panama Development Company.)

Q. (By Mr. REGAN.) Now, I show you a letter similar to 122, United States Exhibit, three page letter, and call your attention to the signature there "L. R. Smith," and written in ink there "E. L." and ask you whether or not that "E. L." is in your handwriting? A. Yes, sir.

Q. Was this mailed after you wrote it?

A. I don't know, sir. Mr. Smith brought that letter over to my desk like he had done with other letters.

Q. Mr. Smith brought it over with his signature on? A. That signature is already made up.

Q. What did he bring it over to you and you put the "E. L." on there for? [488]

A. We sent out lots of letters like these. That was our way of doing, if this form of letter went out

(Testimony of Earl A. R. Lynn.)

from the office whatever salesman sent them out put his initials under there. As I remember, I always did it.

(It was stipulated that the letter identified by the witness was the same as U. S. Exhibit 122.)

The WITNESS.—During my employment there I was introduced to Mrs. Lyman by the defendant. I saw her with the defendant frequently.

Q. Since the return of the defendant to this city here, have you seen him?

A. Yes, sir. I have done work for him. I have ordered his groceries for him and attended to getting his typewriting done; went to the law library and got law books for him, and the public library in the same way. The last five or six weeks I have not seen him at all. Before that I saw him about twice a week, twice a week for the first couple of months. After the first two months I went in oftener, sometimes six or seven times a day.

Q. Do you know a man named Johnson who was up to see Lyman while he was in jail?

A. Yes, sir, I do. He has an office down in the Title Insurance Building. He was up there at the time that Lyman was trying to arrange bail.

Q. Were you present at a conversation that took place between Lyman and the man named Johnson in jail there? A. At one time I was, yes, sir.

Q. In reference to Johnson seeing me?

A. Well, I heard him say something to the defendant—he was going over to see you. I don't remember the conversation, but Johnson told me afterwards

(Testimony of Earl A. R. Lynn.)

down in his office. [489]

Q. Now, what was that conversation that you heard there in the jail and that you came up and told me afterwards in my office that you heard?

A. Why, as I remember, Mr. Johnson was talking with the defendant something on the order of going to San Francisco to raise some money. Johnson said that he could fix it up with Mr. Regan so Lyman could be accompanied up there by four or five deputy marshals to go up there and raise some money, and he said he thought he could do it. He said that Mr. Regan was a brother Elk and he thought he could grease Mr. Regan up a little to let Lyman go to San Francisco.

Q. Then what did Lyman say when Johnson made that proposition to him?

A. Well, Lyman said that he would take care of that end of it.

Q. Now, if you have any explanation that you want to make you can make it, as to why you told me that.

A. Well, the fact was this: I was in Mr. Regan's private office about six or seven weeks ago and he got to talking to me about the Lyman case, and he talked very severe to me. He said that I had sent a man up there to offer Mr. Regan \$1500 to let Lyman go to San Francisco. I said, "That is a lie, Mr. Regan; I did not." Then on top of that, the next day I come up and told Mr. Regan the reason why I told him about that conversation with Mr. Johnson. I knew there was something of that kind going on, but I did not have anything to do with it.

(Testimony of Earl A. R. Lynn.)

Q. Have you seen this book of the defendant entitled: "Am I Insane?"

(Book last referred to filed in evidence and marked United States Exhibit No. 165.) [490]

Mr. REGAN.—I call your attention to page 75 of United States Exhibit 165, particularly to this page here: "Los Angeles, September 14, 1913. Dear Uncle Van: If nothing happens to prevent, my trial will come up October 14th, one month from today. U. S. Dist. Attoy. Regan who has charge of my case, is doing his utmost to prevent me being brought to trial and if he has his way the present proceedings will be dropped and I re-indicted and kept here another year waiting trial.

In fact have been repeatedly threatened with this if I did not plead 'guilty,' but under no circumstances will I so plead even if kept here another year.

Saturday last he had all the witnesses at his office coaching them along the lines he wished them to testify either at the trial or if again brought before the grand jury.

He had Lynn there and nearly frightened the life out of him, by threatening him with arrest if he did not testify as he wanted him to.

In questioning Lynn regarding the proposed railroad from Panama to David he said: You told your customers 'that road was being built. Why did you do that?' Lynn replied, 'I don't remember ever making any such statement,' whereupon Regan replied, 'Damn it, don't say you don't remember; say

(Testimony of Earl A. R. Lynn.)

you did; don't you know you ought to help me out?' and much more to the same effect."

Q. I will ask you whether or not, as a matter of fact, such an interview ever took place between you and me?

A. Yes, sir, *I* did. I should judge about two months ago. After the book appeared, I had an interview with my attorney regarding that statement, but not with the defendant. Oh, yes, I did too. I said to him one day when I went over there. My [491] attorney got this thing a little bit mixed up. He has got it rather different from what I told him. I asked him why he put that letter in there. I told him some of it was true, but all of it was not. I remember being in your (Mr. Regan's) office after the book appeared and talking to him in reference to that statement. The conversation was taken down by a stenographer. Mr. Regan read from the book and asked me if he ever made that statement to me. I said, "No, sir, you did not." I told Attorney Green the way you talked to me that day. Mr. Regan accused me of not telling the truth and I answered, "Yes," and he asked me if at any time in any interview he had ever asked me to say anything that was not true, to which I answered that he had not. And he asked me if he had ever asked me to say anything except the facts, to which I answered, "No, sir, you have not."

Q. (By Mr. REGAN.) Did I ask you, "Did you not tell Dr. Lyman that these statements were un-

(Testimony of Earl A. R. Lynn.)

true?" A. I don't remember.

Q. Did I ask you that question?

A. I don't remember that.

Q. Do you remember your answer: "I have not seen him since his book came out. The last time I saw Dr. Lyman I spoke to him about that statement in the book. I told him that you, Regan, never said that to me. I said to the Doc, That letter you have in that book is a lie, and puts me in wrong for saying that Regan said what you said in that book." Did you so state to me? A. Yes, sir.

Q. Did you have that conversation with Dr. Lyman? A. Well, a part of it, yes.

Q. A part of it. What do you mean by a part of it? [492]

A. Well, in reference to that letter, he said that you threatened me with arrest if I did not testify the way you wanted me to, I told my attorney that—I did not word it that way to my attorney. I told him that you told me that you had a notion to indict me, and that I was as bad as Lyman, I was as low as Lyman, and that I was contemptible and I was a liar, and all this and that and the other, and I told my attorney that. If my attorney went to Mr. Lyman and told him what I told him, why, that is how he got all this.

Q. Did I ever ask you to say anything that was not true? A. No, you did not.

Cross-examination.

By Mr. SCHENCK.—I first met Mr. Regan about two years ago in the Federal Building. He sub-

(Testimony of Earl A. R. Lynn.)

poenaed me. I have been there at his request from time to time, about fifty times. Ever since Dr. Lyman has been incarcerated, I have, whenever permitted to do so, been going over to the law library for him and taking books back to him. I have been practically the only way of communication he has had with the outside world—that is, to get his wants and necessities, and such things as that.

Q. Has there been a time since the defendant has been arrested that you have been denied the privilege of seeing him?

A. Oh, yes. I used to go to the United States Marshall for a pass and they told me I could not have any more. That was about six or seven weeks ago I should judge, and some of the times I was denied absolutely the right to go in.

Q. In all these various times that you have been coming up to Mr. Regan's office and answering his subpoenas, you and he have had some very stormy interviews there, haven't you? [493]

A. Yes, sir. He accused me of attempting to tamper with witnesses for Lyman.

Q. With reference to this conversation where you say there was some part of the conversation which you say took place, where he asked you: "Well, say so anyway and help me out, or help the government out"—when was that conversation, if it ever took place? A. About two and a half months ago.

Mr. REGAN.—Do you mean to infer by that the conversation did take place?

Mr. SCHENCK.—You misconceive my question

(Testimony of Earl A. R. Lynn.)

and my object. Referring to a conversation wherein something was supposed to have been said about like this: "Well, say so anyway and help me out," was only for the purpose of fixing a conversation which the witness said some part of it did take place, and we haven't got it cleared up to my mind as to what part of that conversation did and what part did not take place. I am not assuming that any of it took place. I am going to try and find out.

Mr. REGAN.—This is satisfactory.

The COURT.—Go on then.

Q. (By Mr. SCHENCK.) You know the conversation I am referring to? A. Yes.

Q. You say that took place about when?

A. About two months and a half ago.

Q. What was the occasion of your going up there to that office that day? To get a pass, or because he sent for you, or what?

A. No, he sent for me that day and we had kind of a battle. It didn't come to a physical battle.
[494]

Q. Tell us just what he said and what you said and all of it.

A. Well, I went into Mr. Regan's office, and I will admit that he had me buffaloed for some time—he had me scared for some time—he can scare most anybody.

Q. What did he do to scare you?

A. The way he talked to me. He said: "I do not like your attitude in this case." I said, "What do you mean, Mr. Regan?" He said, "Well, you know

(Testimony of Earl A. R. Lynn.)

what I mean." He said, "You are another Lyman. You ought to be locked up over there with him." I says, "What reason have you to make that statement to me, Mr. Regan?" "Well," he said, "your actions going over there and seeing him." I said, "You know, Mr. Regan, I got a letter from Dr. Lyman along the first day of April that he wanted me to come and see him, and he offered to pay me so much a week. He has been paying that up to about a week ago for attending to his outside business." I said, "My relations with Dr. Lyman have been on a business basis only." He said he did not like to have me go over there, and he was going to see that I could not go over there any more, and I had no business to go over there, and this and that and the other. I do not remember what all he did say.

Q. Now, was there anything said about what you told your customers—I mean now in this conversation with Mr. Regan—was there anything said by you or by him with reference to what you had been in the habit of telling the customers of the Panama Development Company with reference to the railroad? A. Yes, sir.

Q. What was said about that by you and by him?

A. Why, almost the same as what it says there in the book. [495]

Q. It says here: "You told your customers that the road was being built. Why did you do that?" Who said that, if anyone? A. Regan to me.

Q. This letter then says: "Lynn replied, 'I don't

(Testimony of Earl A. R. Lynn.)

remember ever making any such statement.' " Is that true? A. Yes, sir.

Q. What did he (Regan) say?

A. He said: "Lynn, you are a liar. You know you did tell these people that that railroad was being constructed from the city of Colon down to David." I said, "I don't remember making such a statement." He says, "Well, your literature stated it. If your literature stated it, why shouldn't you tell your customers that?" I said: "Well, probably I might have, but I don't remember making such a statement." He said, "Look here, Lynn, I don't like your attitude in this case at all. Of course I know Doc Lyman had been a good fellow with you and all you salesmen down there," or something to the same effect, "but," he said, "you should not take the stand you are taking." He said you should—well, I cannot recall just exactly the words he used; but the effect was that I should not testify against the Government, I should help the Government in this case.

Q. At any of these various interviews you have had with Mr. Regan, has anything ever been said to you about your being sent to prison or to jail?

A. Yes, sir. Several times. The first time was the time I am talking about, the first time I visited Mr. Regan's offices, he told me that I was as bad as Lyman and he had a notion to indict me and if he had to do it over again he would do it. He also called me a few pet names. [496]

Q. When was the next time you ever heard of the

(Testimony of Earl A. R. Lynn.)

likelihood of going to the penitentiary?

A. Well, day before yesterday. He said: "Lynn, did Lyman ever tell you that he was going to send you to the penitentiary for signing those minutes?" I said, "No, I never talked to him about signing the minutes." He said, "That is what he is going to do with Redpath." He said, "Lynn, you are pretty lucky." He said, "I have a notion to indict you. If I had it to do over again I would do it." He said, "I know you are immune from this case the same as the rest of them."

Q. As a matter of fact, as the result of some of these interviews with Mr. Regan, did you ever consult an attorney?

A. Yes, sir. I went to my attorney Mr. Green and wanted to know if Regan had any right to talk to me the way he did.

Q. These various letters, like the one that was exhibited here, do you know who dictated that letter?

A. No, sir, I do not. As a matter of fact, there were bunches of them mimeographed around there and each salesman would send them out to his personal customers. The salesman in working up his prospects would send them all the literature there was in sight, without regard to who may have written or produced the literature. In order to keep my customers separate, I would put my initials on some part of the literature so as to know it was mine when it got back. I don't know whether Smith dictated this or Redpath, or who it was. L. R. Smith

(Testimony of Earl A. R. Lynn.)

was boss down at that place at 216 Mercantile Place. Mr. Redpath was supposed to be vice-president.

Q. Did Redpath take any part in the management of the institution? [497]

A. Well, I suppose he did. He signed some of the checks. But Smith had the hiring of the salesmen and we had to take our orders from Smith.

Q. You say you signed the minutes of the meeting at the request of Redpath?

A. Redpath brought them to me one day there at my desk, yes, sir. He had signed them at the time I did. He didn't tell me why he wanted me to sign them; he said: "Lynn, sign these minutes."

Q. You say it was Smith that told you your name had been used to fill in? A. Yes, sir.

Q. And was the defendant there at the time?

A. No, I don't believe he was.

Q. All these multigraph letters, you say there were various kinds and descriptions down there, and they were distributed around among the salesmen and were treated much the same as these others that we have been talking about here? A. Yes.

Q. What is the fact now with reference to this Anderson letter, as you remember it? Did you take it to the defendant, or was it Mr. Smith? Which one was it that you took it to before you wrote that one back to him in your own handwriting?

A. I think I took it to either Mr. Redpath or Mr. Smith, because I remember now that the defendant was not in Los Angeles at the time that letter was written.

(Testimony of Earl A. R. Lynn.)

Q. Then you mean by that that you never did show it to the defendant? A. No, sir. [498]

Redirect Examination.

I have talked with different Government witnesses on this case. I talked with anybody that started to discuss it with me and have made comments on the case. I did not say exactly that I would not like to see the defendant convicted. I said, "The defendant is not guilty until he is proven so. I haven't said lately that I thought the Government did not have much of a case. I said that a number of months ago. I said, "If the defendant is acquitted all the people will lose their money." Before I testified before the grand jury I called at your (Mr. Regan's) office, and you talked with me before I testified, and told me at that time that it was a question in your mind whether or not I should be indicted as one of the defendants, and you told me that if I would go in before the grand jury and tell the truth that feeling that I was only an instrument of Lyman's you would not ask the grand jury to consider me as a defendant. I remember coming into your office either yesterday or the day before. A lady was in the office and I remember you telling me at that time that all you wanted from me was the truth. The morning we had the conversation in reference to the construction of the railroad Mr. Gray and Miss Hubb were present. I remember a conversation in your office here when Mr. Gray was present in which I said that Dr. Lyman was an awfully good friend of mine and that I would hate to see him go to jail.

Testimony of G. L. Maynard, for Plaintiff.

G. L. MAYNARD, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

My name is G. L. Maynard. I am an insurance broker. On the 10th of June, 1911, I became connected with the Panama [499] Development Company. Mr. Redpath employed me. When I called to see him he gave me two or three different pamphlets. He gave me "Gateway to Opportunity," United States Exhibit 45.

Q. What were you told regarding the lands the Government had for sale, where they were located?

A. I was told that there were Government lands in the provinces of Chiriqui and Cocle. I was told that they were tropical agricultural lands belonging to the Panamanian Government.

Q. During your connection with the company, you saw the various kinds of literature, didn't you—"Mr. Careful Man," "The Land of Opportunity" and the "Timber Resource" circular?

A. Yes, sir. Also the little brown and gray folders and many multigraphed letters. These multigraphed letters would be brought into the company's office and sometimes I would sign them.

Q. At whose direction would you sign them?

A. Well, I believe usually Mr. Smith's. I remember the land agreement such as United States Exhibits 66-A and 66-B. I received instructions from Mr. Smith or Mr. Redpath as to what was to be done with this land agreement after it was executed. I

(Testimony of G. L. Maynard.)

was told a copy of it was to be given to the purchaser and then the power of attorney was to be filled out and that would be sent with an application for the land to the land offices in Panama, to be filed with the Panamanian Government.

Q. I will show you United States Exhibit 43, this plat of Agua Dulce. Was that in the office?

A. Yes, sir. That was used to show purchasers the location of land. I cannot state positively at whose direction I used this map of Agua Dulce; my mind is not clear on that, probably it was Mr. Smith. Dr. Lyman used to come into the office frequently.
[500]

Q. Did he give any instructions to anybody down there?

A. Well, he usually talked with Mr. Smith when he came in. I could not say positively whether it was instructions that he was giving, but I have seen him talk with Mr. Smith frequently.

Testimony of Nathaniel Campbell, for Plaintiff.

NATHANIEL CAMPBELL, called and sworn on behalf of the United States, upon direct examination, by Mr. Regan, testified as follows:

My name is Nathaniel Campbell. I live at Portland, Oregon and have lived there for about nine years. I was living in Portland in 1911. In 1911 I received some literature from the Panama Development Company in this city.

Q. I show you this letter and ask you whether or not that is the letter which you sent in reply—you dictated and signed that letter, did you?

(Testimony of Nathaniel Campbell.)

A. Yes, sir. I have searched for the letter which I received from the Panama Development Company to which this is a reply, but I cannot find it. It has been destroyed.

Q. This letter was dictated at the time by you and mailed in the regular course of business, was it?

A. Yes, sir. And addressed to the Panama Development Company of this city.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 166.

Mr. SCHENCK.—I object to it as incompetent, irrelevant and immaterial, and no foundation laid, and hearsay.

(Letter last referred to filed in evidence, marked United States Exhibit 166, and is as follows:)

**U. S. Exhibit No. 166—Letter, August 29, 1911,
N. Campbell to Panama Dev. Co.**

“WESTERN LAND & TIMBER CO.,

N. Campbell, Mgr.,

Office: 316 Railway Exchange Bldg.,

Portland, Oregon, August 29, 1911.

Panama Development Co.,

216 Mercantile Place, Bet'n 5th and 6th Sts.,

Los Angeles, California. [501]

Gentlemen:—I have *you* kind favor of the 22nd inst., together with offer for exclusive Agency for your lands in the Province of Cocole, and your agricultural and timber lands in Panama, and thank you for the same.

Will say that I have friends who would purchase many thousands of acres of these lands upon my personal recommendation, and therefore in justice to myself, before offering any of your lands or accepting an agency, for same, it is incumbent upon me to first show beyond question of doubt that every representation made by me in connection with the lands were true; therefore, before offering any of these lands, I will that you give me the following information which if found satisfactory, will determine the question of my offering the lands and accepting the agency. What I wish to know is:

1. Is your company a corporation, if so under what laws organized, when, and the amount of capital stock and amount paid in, names of officers and a copy of the by-laws of your corporation.

2. If a private company or co-partnership, name and address of the members and bank or other references.

3. Are the lands you are offering and agree to select for purchasers all surveyed lands, and if so whether by the Government or otherwise, and if otherwise, Name and address of person responsible for such survey.

4. Will parties purchasing lands and making first payment be given a receipt for such payment together with a description of their lands purchased by legal subdivision or by *meets* and bounds, send copy of any such receipt.

5. How soon after purchasing Sugar lands in Province of Cocole will your company agree to have the same cleared and cultivated?

(Testimony of Nathaniel Campbell.)

6. On timbered lands, have same been surveyed as above suggested, and will you furnished me with full description of same, together with amount and kind of timber thereon and your authority for such estimate?

7. Reliable maps showing location of the lands offered. Will say that I have no doubt at all about being able to dispose of a large amount of your lands if upon the most rigid investigation I find that the purchasers will secure absolute title to same and will get just what is represented when they make purchase.

If you therefore can satisfy me that all is right in every way, I will be pleased to enter into a contract with you for the Agency for your lands and will push the sale of same throughout Oregon.

Very truly yours,

N. CAMPBELL."

Mr. REGAN.—The letter which you hold in your hand now is a copy of the letter which you received in reply, Mr. Campbell?

A. Yes, sir. The original having been destroyed.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit No. 167. [502]

(Document last referred to filed in evidence, marked United States Exhibit 150 and is as follows:)

**U. S. Exhibit No. 150—Letter, September 5, 1911,
Panama Dev. Co. to N. Campbell.**

“September 5, 1911.

Mr. N. Campbell, Mgr.,
Western Land & Timber Co.,
316 Railway Exchange Bldg.,
Portland, Oregon.

Dear Sir:—

Replying to your favor of August 29th, would say this Company is a Corporation, organized under the laws of Arizona, with an authorized capital of \$100,000 of which \$50,000 has been paid in, in cash.

The enclosed three page circular letter written to some English clients gives full details as to the officers and directors, likewise the objects of this company.

The lands we are offering are government lands and have not been surveyed. This is done by the government after a location has been made, and where there is any cultivation the government when issuing definite title certifies as to the work done.

The enclosed contract, which please return after reading, shows what is given the purchasers and in addition to the receipt for the payment made carries a description of the land so far as the township is concerned, and the provisional title issued by the government will define its legal boundaries. Sugar lands purchased in the Province of Cocle will be placed under cultivation in November. The timber *la* lands have not been surveyed or cruised, and its is impossible to give you any estimate as to the

amount or kind of timber thereon, but the illustrations on the leaflet sent you will give you a fair idea of same. The point is that these government timber lands at Montijo Bay are a gift at the price for they are not subject to taxation until cleared of timber and the land put under cultivation. The enclosed map is a reproduction of a government map and is absolutely correct but necessarily many things are omitted which will appear on the large map. We have *on* in the office here eight feet square prepared by the War Department but as we cannot obtain a duplicate, the only thing we can do is to photograph it, which has been done.

If you will carefully read the literature handed you under separate cover, you will be able to obtain a very fair idea of the lands offered, and conditions under which they can now be obtained. Please remember we have no lands of our own for sale, and are merely acting as government agents for government lands, and applications lodged with us will have the same force and effect as though filed in Panama, Why do you not take a trip to Panama and look over the timber and sugar lands; you could do it nicely in ninety days, and would be well repaid for your trouble. We should be glad to give you letters of introduction that would aid you in getting about with the least possible discomfort and expense.

Yours very truly, .

PANAMA DEVELOPMENT COMPANY,

By _____.

B/C

Enc."

(Testimony of Nathaniel Campbell.)

The COURT.—Who signed that letter? [503]

Mr. REGAN.—I think Miss Clark testified that it was dictated to her by Mr. Byrd.

Q. (By Mr. REGAN.) Calling your attention to the Timber land circular marked United States Exhibit 52, I will ask you if you received one of those circulars showing the timber land?

A. Yes, sir. I also received a map of Panama with a map of Agua Dulce on the back, similar to United States Exhibit No. 60, and a three-page letter similar to U. S. Exhibit 123, except that it showed the price in English money.

Cross-examination.

By Mr. SCHENCK.—My recollection is that the signature on the letter I received was Mr. Byrd. To the best of my recollection the map that I identified is identical with the one I received. I don't remember that I have compared any other map, and without being given an opportunity I wouldn't be able to recognize whether a little space on the map identified, covering an area of not more than half a square inch was slightly different from the one which was sent to me or not.

Q. With reference to this letter which you say you had one similar to, you do not undertake to say it was identical with this letter in all its phases and language, but substantially like this?

A. I think it was substantially the same.

Testimony of Ralph Spofford French, for Plaintiff.

RALPH SPOFFORD FRENCH, a witness called on behalf of the Government, being first duly sworn testifies as follows:

My name is Ralph Spofford French, My business is that of investments. I called at the office of the Panama Development Co. during May or the first part of June, 1911. I first met [504] Mr. Redpath there and he introduced me to Dr. Lyman. I had a conversation with Dr. Lyman. Dr. Lyman told me that he had just come from Panama and described the country to me in a general way and I asked him if he had invested there himself and he said he had—that he had taken 5,000 acres, part sugar land and part timber and he took me out in the front part of the office and on a map that was hanging on the wall pointed out the location of the land.

Q. Do you remember the counties they were in or the districts?

A. I am not absolutely sure of the names but I can point out the location on the map. I remember there was a province of Cocle, *Viragues* and Chiriqui. I remember the location on the map but I don't remember which was timber and which was sugar, but I can point them out. In the course of a few days I again saw the defendant at his office in Mercantile Place and had a conversation with him at that time. I talked further with him at that time about Panama and talked considerably about the sugar lands. He told me that a company had been

(Testimony of Ralph Spofford French.)

formed that was going to plant these lands to sugar cane in the section of Agua Dulce. He told me that the railroad was in the course of construction from Panama to David, but that it would probably be a year or year and a half before the road was completed and that this road would pass across this sugar land that was to be planted and that the company was going to lay out a town.

Q. Did he say anything to you about the sugar mill in Agua Dulce?

A. He told me that a mill was in the course of construction and that the machinery had already been ordered and was being shipped to Panama.
[505]

Q. Did you have any conversation with him with reference to the connection of the Panama Development Company with the Panamanian government?

A. He told me about young Mr. Guardia and his relation to Mr. Guardia who was either then or had been, attorney-general for Panama and of a man whose name I don't remember, but it began with "Q." I think it was Quelquejeu. He was a wealthy merchant there and that he was interested in the company and through these connections with people who were connected with the government, that he had made arrangements by which tracts of land had been set aside for him by the government to colonize and to sell. He said that the Panama Development Company had been organized for the purpose of selling and colonizing these lands. He told me that the lands at Chiriqui would be valuable

(Testimony of Ralph Spofford French.)

as citrus lands and the lands at Codele and Agua Dulce were sugar lands. I had a conversation with him about setting apart some lands in the vicinity of Agua Dulce for me. My talk on that in the first place was with Mr. Redpath. It was as to whether or not the company would set aside 5,000 or 10,000 acres of land for me that I might sell on a commission basis from my office here—sell it here in Los Angeles or any where I could sell it. And as a result of that conversation with Mr. Redpath, a few days afterwards I came to the office and Dr. Lyman was there and all three of us discussed it, and finally it was agreed that that should be set aside for me and it was done. My recollection is that it was 10,000 for 30 days. I afterwards received a letter which was signed the Panama Development Company by Redpath. I have not the original of that letter. I have looked for it and it is either destroyed or lost.

Q. Now, I show you this copy and ask you whether or not this a copy of the letter which you received?
[506]

A. I should say it was. I think it was signed the Panama Development Company by Mr. Redpath.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit 167.

Mr. SCHENCK.—That is covered by our stipulation?

Mr. REGAN.—Yes.

(Testimony of Ralph Spofford French.)

(The said letter so offered in evidence is marked United States Exhibit Number 167, is read in evidence, and the following is a copy thereof:)

**U. S. Exhibit No. 167—Letter, May 26, 1911, Panama
Dev. Co. to French & Co.**

“May 26, 1911.

Messrs. French & Company,
509–10 I. W. Hellman Building,
Los Angeles, California.

Gentlemen:—

Pursuant to our talk of today, we have set aside for thirty days, ten thousand (10,000) acres of Sugar land, situated in Cocle Province, in the vicinity of Agua Dulce. This land is about one hundred (100) miles from Panama, on the line of the projected railroad. We expect you will be able to do something on this within the next thirty days. It will be necessary to sell at least one thousand (1,000) acres within sixty days, in order to hold the option.

Yours very truly,

PANAMA DEVELOPMENT COMPANY,

By _____,

R/C.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 167. Fld. Nov. 2, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehart, Deputy Clerk.”

I had a conversation about going to San Diego to represent the company. The first time was with Mr. Redpath. I went over to the office one day and I asked Mr. Redpath if he thought it was possible

(Testimony of Ralph Spofford French.)

that I might make an arrangement with the company to represent them in San Diego in the sale of these lands, and he said, "Well, Mr. French, I don't know, but I think it is possible you might. But you would have to take that matter up with Dr. Lyman. I will make an appointment for you within a day or two and then you can talk it over." To the best of my [507] recollection, within two or three days we made such an appointment over the telephone and I went over to the Mercantile Place office and there met Dr. Lyman. He asked me to wait a few minutes and said that we would walk over to his office in the Consolidated Realty Building and talk the matter over. We did so. I went over there with Dr. Lyman and the conversation was very lively at that time about what experience I had had in the way of selling lands and in investments, and I sought to tell him as well as I could. He said he would think the matter over, and I could see him again in a day or two, so I came away and I think it was the very next day or within a couple of days I went over again to his office, and when I went in there was nobody there but a stenographer—a young woman. In a few minutes Dr. Lyman come in and we talked over further about it and we had some little discussion about the conditions. I wanted a larger commission than he wanted to pay me, but finally we agreed. My memory is not clear as to just what that condition was, but I think it was 20 per cent. However, we agreed about the matter, and

(Testimony of Ralph Spofford French.)

he said he would have papers drawn up in duplicate and see me in the office of the Panama Development Company some time to-morrow. So I met him there and the papers were signed there in duplicate.

Before we signed the contract, after we got there the next day, we had a general conversation, Mr. Redpath, Mr. Smith and Doctor Lyman being present. Dr. Lyman had previously agreed that he would advance me \$150, against my commission and that he would advertise in the papers in San Diego, but that I must pay the office rent, and so forth. That was all put into this contract, and the contract was signed in duplicate. My recollection [508] is that it was signed by Mr. Redpath and myself. Then he told him to give me a check, and they gave me a check for \$150, and the following day I went to San Diego. This was about the 17th or 18th of July. The way that is fixed in my memory is because San Diego that week that I got there was having a celebration of the laying of their cornerstone for their exposition that they were going to hold in 1915. I was there a few days, and finally hired an office at 1053 Fourth St., and from that office I represented the company, and I think they began advertising for me there at the end of that same week.

Q. Just relate your transactions in San Diego, Mr. French.

A. I first sold a man by the name of Robert Baxter who paid me \$150.00.

I wrote a letter to the company suggesting that they had better let me open up an account in the

(Testimony of Ralph Spofford French.)

Southern Trust & Savings Bank, and any money I received there would be deposited there. I received a reply to that letter, and, so far as I know, it is lost or destroyed.

Q. Now, showing you the copy of this letter, I will ask you whether or not that is the copy of the letter which you received in reply?

A. Yes. That is a copy of the letter I received.

Mr. REGAN.—I offer this letter in evidence and ask that it be marked U. S. Exhibit 168.

(The said letter is marked United States Exhibit Number 168, is read in evidence, and is as follows:)

U. S. Exhibit No. 168—Letter, July 21, 1911, Panama Dev. Co. to R. Spofford French.

“July 21, 1911.

Mr. R. Spofford French,
U. S. Grant Hotel,
San Diego, California.

Dear Sir:— [509]

Your favor of July 20th received and contents noted. Glad to know you have secured desirable quarters on the ground floor with one of the best real estate firms, which should certainly work to your great advantage. You certainly got down to business very quickly.

Will send you a copy of such printed matter as we have. Regarding the proposed write-up in the San Diego papers; you are well qualified to do that, and suggest that you take care of it. So far as straight advertising is concerned, we will send the copy for that.

Will make a location on the map for you where you can place your clients.

Regarding the price of Government lands; of an applicant will go and survey the same at his own expense, make a map, and then lodge it in the Government office, with a fee of \$1.00 per acre he can obtain lands at that price, providing his location does not touch any others, and his maps are in accordance with the known boundaries. If there is any error in same he is obliged to do the work over again.

As there are no transportation facilities in Panama at the present time, and no surveyors, except in Panama, and they receive \$12.00 a day and expenses, the cost would make it practically prohibitive for one individual to go and locate any lands, and our strong point is that through our connections we are able to have this done so that it will only eventually cost a buyer \$5.00 an acre.

Think our suggestion of depositing the money to our credit in some San Diego Bank a good one.

You can sell at \$5.00 an acre until August 1st; after that the price will be \$6.00, subject to terms as indicated in the leaflet enclosed.

With best wishes for your success, we are,

Very truly yours,

PANAMA DEVELOPMENT COMPANY,

By _____.

(On reverse side in pencil:) Two packages expressed today. We buy stamped envelopes so they are none enclosed. You will find one map marked showing sales made. Better put your clients in block 60 and 64. There are supposed to be 1000

(Testimony of Ralph Spofford French.)

acres in each block. See Los Angeles Express, 19, 20 and 21. (Good writeup.)

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 168. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Q. (By Mr. REGAN.) Do you know who signed that letter?

A. I am very sure it was in Mr. Redpath's writing.

Q. Did you get a map of Agua Dulce with that letter?

A. Yes, sir. It was a map similar to U. S. Exhibit 59. On the Agua Dulce side were marked the blocks which I could sell.

Mr. REGAN.—The witness has just identified Exhibit 59 as being similar to the map which he received. [510]

Q. Now, I show you this letter written on the paper of the Panama Development Company, dated August 1, 1911, and ask you if that is your writing?

A. It is. I mailed that letter after having written it in the ordinary course of business, addressed to the defendant.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 169.

(The said letter so offered in evidence is marked United States Exhibit 169, is read in evidence, and is as follows:)

**U. S. Exhibit No. 169—Letter, August 1, 1911,
R. Spofford French to “Mr. Lyman.”**

(Letterhead Panama Development Company.)

“San Diego, Calif, Aug. 1, 1911.

1053 Fourth St.

Mr. Lyman :

My Dear Sir:—

I wrote a letter to the Company suggesting you furnish me some reference to show to customers and am today in receipt of a reply signed by Mr. Smith saying if my customers are not satisfied to do business as now “to pass them up.” That is all right for a clerk to say, but good business men don’t do business that way. I have interested some men here who are considering getting up a syndicate to take over quite an acreage to be planted to sugar cane by your company. They are men of standing in the community & naturally they will want to know your financial responsibility.

In *your own interest* (where I do business for a man I do what is for his interest as well as my own) I will tell you I have seen a report on your company from a Los Angeles Bank the substance of which is as follows: they do not know anything to your discredit but your financial statement is such a one that they cannot tell whether you are responsible or not. The only definite information they have is that you carry a good account but they can’t learn anything of the standing of your officers.

There is a great deal in meeting men & becoming acquainted—which inspires confidence. These men here have never met you & as yet have made no in-

quiries & I have had a large experience in these matters & you want business: I can get it if you will let me do it my way, viz.: Where any customer holds back or I see he is going to start an inquiry through the banks, let me arrange that he pay his money into the bank where we are depositing (Southern Trust & Savings Bank—I deposited \$250.00, there today to your credit) under an escrow agreement by the terms of which the bank will turn over the money to you upon your turning over the first papers from the government. [511]

After they once get the first papers it will be *smooth* sailing.

Another thing,—if you could turn over the first papers in a week or two, it would be different; but a man putting up *money* & waiting 3 or 4 months for first papers has a *right* to know something about your responsibility; and if you don't furnish that information, then he should have the right to deposit his money in a bank pending arrival of papers. In my opinion *ten* times the business can be done by placing the first money (however small the amount) in a bank. It gives immediate confidence. A man will tell others 'You are perfectly safe for your money is in the bank and your papers come from the government.'

Please let me hear from you by return of mail & greatly oblige,

Sincerely yours,

R. SPOFFORD FRENCH.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit 169. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clk."

(Testimony of Ralph Spofford French.)

Q. (By Mr. REGAN.) Did you receive a reply to that letter? A. Yes, sir.

Q. Have you looked for the original?

A. Yes, sir.

Q. And you couldn't find it? A. No, sir.

Q. It is either lost or destroyed? A. Yes, sir.

Q. I show you a copy and ask you if that is a copy of the letter you received in reply? A. It is.

Q. Was it signed by the defendant? A. It was.

Mr. REGAN.—I offer the same in evidence.

(The said letter so offered in evidence is marked United States Exhibit 170 is read in evidence, and is as follows:)

**U. S. Exhibit No. 170—Letter, August 2, 1911,
— to R. Spofford French.**

“Los Angeles, August 2nd, 1911.

Mr. R. Spofford French,

1053 Fourth Street,

San Diego, California.

Dear Sir:— [512]

Replying to your esteemed favor of the 1st inst., while I appreciate the force of your suggestions, and how it would benefit the business, none the less, such a suggestion as you make is impracticable, as all the lands have to be paid for at the time of applying for same, and so it is necessary for applicants to make their payments when applying—There is really no way to get around this, for there is no one to finance the deal on such lines as you suggest.

I venture the prediction that the very people that are hanging back at the present time, a year from

(Testimony of Ralph Spofford French.)

now will be climbing over themselves to purchase, and at much higher prices. You are going to see the greatest move down there you ever saw.

It seems to me the enclosed circular letter covers about all the other points raised, and if not the general literature covers all that can be said at the present time.

With best wishes, I am,

Very truly yours,

[Endorsed]: 762—Crim. U. S. v. Lyman. U. S. Exhibit No. 170. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy *Clerk*."

Q. (By Mr. REGAN.) I show you a letter dated August 4, 1911, addressed Panama Development Company and signed by your name. Did you write that letter? A. I did.

Q. And mailed it in the ordinary course of business? A. Yes, sir.

Mr. REGAN.—I now offer that in evidence and ask that it be marked United States Exhibit 171.

(The said letter so offered in evidence is marked United States Exhibit number 171, is read in evidence, and is as follows:)

**U. S. Exhibit No. 171—Letter, August 4, '11,
R. Spofford French to Panama Dev. Co.**

“Los Angeles, San Diego, Aug. 4, 11.
Panama Development Co.

Los Angeles.

Gentlemen:

Please reserve for 30 days 4000 acres, in addition

(Testimony of Ralph Spofford French.)

to Block 301 & give me Block numbers by return of mail. I have interested a syndicate of nice fellows who are almost sure to take 5000 acres & pay $\frac{1}{2}$ down upon the agreement that the company (your company) plant to sugar cane.

Yours truly,

R. SPOFFORD FRENCH. [513]

[Endorsed]: 762—Crim. U. S. vs. Lyman. U. S. Exhibit No. 171. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart.

Q. (By Mr. REGAN.) Is this a copy of the reply which you received?

A. It is. I have looked for the original and cannot find it. It is either lost or destroyed.

Mr. REGAN.—I offer the paper just identified by the witness and ask that it be marked United States Exhibit 172.

(The said letter so offered in evidence is marked United States Exhibit 172, is read in evidence, and is as follows:)

**U. S. Exhibit No. 172—Letter, August 5, 1911,
Panama Dev. Co. to R. Spofford French.**

August 5, 1911.

Mr. R. Spofford French,
1053 Fourth Street,
San Diego, Calif.

Dear Sir:

Your letter of yesterday to hand. As requested we reserved for your syndicate blocks 31, 32, 33 and 34. We will make contract to plant sugar cane on

(Testimony of Ralph Spofford French.)

the basis of one-half the profits for three years.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By _____

S/c.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 172. Fld. Nov. 7, 1913. Wm. M. Van Dyke. By Robert E. Rinehart, Deputy Clerk."

My recollection is that all those letters were signed by Mr. Redpath.

Q. I show you this letter dated August 7th, 1911, and ask you whether or not that letter is in your handwriting?

A. It is, and I mailed it to the company in the ordinary course of business.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit 173.

(The said letter so offered in evidence is marked United States Exhibit 173, is read in evidence, and is as follows:) [514]

U. S. Exhibit 173—Letter, August 7, '11, R. Spofford French to Panama Dev. Co.

"San Diego, Aug. 7-11.

Panama Development Company,

Los Angeles.

Gentlemen:—

I would like you to reserve for myself a block on the railroad. On October 1st I will pay \$500 on it and then 10 cents per acre per month; and have you

(Testimony of Ralph Spofford French.)

plant it for me. Please give me a block as near town as possible.

Kindly let me hear from you by return of mail.

Yours truly,

R. SPOFFORD FRENCH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 173. Wm. M. Van Dyke, Clerk. By Robert Rinehart, Deputy Clerk. Fld. Nov. 7, 1913.”

Q. Did you receive a reply to that letter?

A. Yes, sir.

Q. I will ask you whether or not that is a copy of the letter which you received in reply to the letter that I have just read?

A. It is. I have looked for the original and cannot find it. It is either lost or destroyed.

Mr. REGAN.—I offer the copy of the letter just identified by the witness, and ask that it be marked United States Exhibit 174.

(The said letter so offered in evidence is marked United States Exhibit 174 is read in evidence and is as follows:)

**U. S. Exhibit No. 174—Letter, August 8, 1911,
Panama Dev. Co. to R. Spofford French.**

“August 8, 1911.

Mr. R. Spofford French,
1053 Fourth Street,
San Diego, Calif.

Dear Sir:—

In reply to yours of the 7th instant, we have reserved for you Block 51, and will accept payment on

(Testimony of Ralph Spofford French.)

the terms mentioned in your letter.

You may also arrange the payments on your syndicate deal as you mention.

Yours very truly,

PANAMA DEVELOPMENT COMPANY,

S/C. By _____. [515]

P. S.—If Mr. Poppe comes in, we will see that he meets Mr. Lyman at once.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 174. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.”

To the best of my recollection all that correspondence was signed by Mr. Redpath.

Q. Had you met Mr. Smith?

A. Only once, and I did not transact any business with him. I had one business conversation with Mr. Smith. That was at the time we were talking about the contract in the presence of Dr. Lyman and Mr. Redpath.

Q. Before going to San Diego, did you see some of the literature of the company?

A. Yes, sir. I saw United States Exhibit 45, “The Gateway to Opportunity”; United States Exhibit 48, the brown folder. I received that literature after going to San Diego. United States Exhibit 54, “The Land of Opportunity” was sent to me. Also United States Exhibits 55—A “Looking Backwards” and 66—A, the land agreement.

Q. Did you have a conversation with Doctor Lyman with reference to the use of these land agreements?

(Testimony of Ralph Spofford French.)

A. I did, at Mercantile Place. I asked some question about the contract, and he had a copy on his desk, and he explained to me that it would be signed in duplicate, and one copy was to be turned over to the office and that the office would forward that copy to the Mr. Guardia, who would file it with the Government. He said the copies would be sent as fast as the contracts came in and the money was paid. He told me that part of the money that was paid into the Panama Development Company would be paid on the land to the Panamanian Government through Mr. Guardia, and that the balance of the money went to the Panama Development Company. He said these [516] contracts when signed and the money paid in on them were to be at once forwarded to Mr. Guardia, whose place it was to make these first payments to the Government on the land in order to hold it for the applicant.

Q. You did sell some land down there at San Diego, did you?

A. I did. To three people—a man by the name of Robert Baxter, Samuel Black and a Frenchman whose name was Dreinier. Dreinier paid a deposit of \$5. Robert Baxter paid \$250, and Samuel Black paid me \$60. I did not send all of the money to the Panama Development Company.

Q. How much of it did you send?

A. All but the \$60 paid me by Samuel Black. The \$250.00 paid me and the \$5.00, I deposited in the bank to the credit of the Panama Development Company, and notified the company that I had deposited

(Testimony of Ralph Spofford French.)

it there to their credit. I arranged the account in such a way when I opened it that no one could draw on it except the company, and the company sent a card and returned it in the regular way, and the receiving teller agreed with me that every time he would take a deposit from me he would give me a duplicate receipt. The \$60 I never deposited to the credit of the company. I put it in my box at the bank awaiting a reply to a letter I had written to Dr. Lyman. I had written Doctor Lyman a letter making some suggestions about changing the advertising there and telling him why I thought it would be better to make some changes in the advertising.

Q. (By Mr. REGAN.) What was done with this money that you received from Mr. Black? [517]

A. I notified the company that Samuel Black had paid me \$60 and to send his contracts, and when Mr. Baxter paid his money, first, \$150 and then \$100, I deposited it with the bank for the company and notified them, and the contracts were sent directly to me, and I delivered them to Mr. Baxter. He signed them and I returned the duplicate to the company. So in the same way I notified the company that Black had deposited \$60.00 with me and to send his contracts. The day following—or, at any rate, it was in the regular course of mail, instead of receiving Mr. Black's contract in the regular way a draft was made on me through the bank—the Marine bank—for the \$60 with Black's contract attached to it. I was rather indignant. I didn't know what construction to put on it, and I didn't know why they should

(Testimony of Ralph Spofford French.)

make a draft on me for \$60 when I had just deposited \$200 to their credit as agreed upon, and neither had I any reply to my letter from Doctor Lyman about advertising. So that next mail brought me a letter from Doctor Lyman—or that afternoon's mail, which was very short and curt and very unsatisfactory to me.

Q. Is this the letter you have reference to in which you say you sent them some suggestions as to the advertising? A. That is one of them.

Q. Is this the letter (showing witness letter) you say you wrote and got a curt reply?

A. This is the letter to which I got a reply from Dr. Lyman.

Mr. REGAN.—I now offer in evidence the letter just identified by the witness, dated July 31, 1911, written by the witness to the Panama Development Company, and ask that it be marked United States Exhibit 175. [518]

(The said letter is marked United States Exhibit 175, is read in evidence, and the following is a copy thereof:)

**U. S. Exhibit No. 175—Letter, July 31, '11, R.
Spofford French to Panama Dev. Co.**

“San Diego, Calif., July 31–11.

Panama Development Company,
Gentlemen:—

I want to call your attention to the advertising. The ad ‘You can buy 200 acres for the price of a city lot,’ is mighty bad judgment. This town is very *clannish*. Don't run any ads which *reflect* upon in-

(Testimony of Ralph Spofford French.)

vements here. Don't make *comparisons*—they are bad!

Say something in the ads about the *climate*—like 'remember there is no fever but a *healthy* climate back from the coast where these lands are located.'

So many people take it for granted the climate is very bad, they won't take the trouble to come to the office and investigate.

Yours hastily,

R. SPOFFORD FRENCH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 175. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehard, Deputy Clerk.

Mr. REGAN.—Showing you this letter dated San Diego, August 10, 1911, signed by you, I will ask you whether you wrote that letter?

A. That was it. It was mailed in the ordinary course of business.

Q. And this (showing witness a copy of a letter) is a copy of the letter you received in reply?

A. Yes, sir.

Mr REGAN.—I now offer in evidence the letter just identified by the witness and ask that it be marked United States Exhibit 176.

(The said letter so offered in evidence is marked United States Exhibit 176, is read in evidence, and the following is a copy thereof.) [519]

**U. S. Exhibit No. 176—Letter, August 10, '11, R.
Spofford French to Panama Dev. Co.**

“San Diego, Aug. 10.

Panama Development Co.,

Los Angeles.

Gentlemen:

I have talked with several and in particular with the firm where I have office about advertising. They all tell me our ads are not the right kind. They say large display ads don't bring business here nearly so well as small display & “liners” run daily.

Starting off as we did and not keeping it up has made a bad impression. Even those in this office (whom I have converted to Panama) wonder at it. I wish you would let me place it from here *one week*, telling how much space I can use, and let me write the ads. The man to prepare the material is the man *on the ground*.

Conditions here are quite different from Los Angeles. I run a 3 line ad & have had more inquiries than from *all* you run this last time.

Remember, I have had a large experience in advertising! I haven't had a single person from your last advertising since Monday—While my *3 lines* have produced *two men* whom I am sure to sell.

Try me one week.

Yours truly,

R. SPOFFORD FRENCH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 176. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.”

(Testimony of Ralph Spofford French.)

Q. (By Mr. REGAN.) You have looked for the original of that letter and it is lost and destroyed, so far as you know? A. Yes, sir.

A. Yes, sir.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit 177. Is that the one you called the curt reply?

(The said letter so offered in evidence is marked United States Exhibit Number 177, is read in evidence, and is as follows:)

**U. S. Exhibit No. 177—Letter, August 11, 1911,
Panama Dev. Co. to R. Spofford French.**

“August 11, 1911.

Mr. R. Spofford French,
1053 Fourth Street,
San Diego, California.

Dear Sir:—

Inasmuch as you do not approve of our advertising, and inasmuch as it is the best we can do, we would advise you to do your own advertising and pay for same yourself. With that end in view, we are prepared to allow you a commission of 30%, and you are expected to pay all further expenses from your own office, and remit to us as called for by the contract, less the [520] 30%. No further advances of any kind will be made you.

PANAMA DEVELOPMENT COMPANY,

B/C

By _____.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 177. Fld. Nov. 7, 1913. Wm. M. Van

(Testimony of Ralph Spofford French.)

Dyke, Clk. By Robert E. Rinehart, Deputy Clerk."

That is the curt reply that came to me signed by Dr. Lyman. I paid back the \$60 to Mr. Black.

Cross-examination.

By SCHENCK.—I had not been interested in Panama lands prior to the time I first came in contact with anyone connected with the Panama Development Company. I happened to go there to their office the first time from reading the advertising in the newspapers.

Q. And their advertisement interested you to that extent that you wanted to get the agency for the stuff?

A. No; I first went in there just to know about it from reading the ads, and after I had been in there two or three times and learned a good deal about it and talked with people in there, and the talk that I had with Doctor Lyman—I then sought to make an arrangement by which they would set aside a tract of land for me for 30 or 60 days which I could offer for sale myself in my own office in the I. W. Hellman Building. The idea of the San Diego agency was afterwards.

A. I wrote to Philadelphia to purchase Forbes-Lindsay's book on Panama and the Canal. I wrote to Washington to the Pan-American Union and they sent me several bulletins. After I made arrangements about the land I went to work in every way I could to learn what I could about Panama, and after I learned [521] all I could from this outside investigation, I continued to advertise in San Diego

(Testimony of Ralph Spofford French.)

and continued my efforts indicated by my letters here. My first little indignation started prior to August 1st. I was indignant first about the letter that Smith wrote.

Q. But you continued to operate your office and tried to interest people right along? A. Yes.

Q. And when the letter came, "if you don't like the way we do the advertising, you can do it yourself," that added to your indignation?

A. Then it did, for the reason that they broke their contract with me which we had signed in duplicate. August 11th was the date of that letter.

Mr. SCHENCK.—How many days before the draft came down there was it that you had gotten the money from Black?

A. I should say 48 hours prior to the draft.

Q. Now then, the draft is dated the 28th day of August. So you must have been taking money from Black not more than 48 hours prior thereto. So it must have been the 26th of August?

A. Yes, sir. And I continued to operate after that until I received that letter, "If you don't like the way we advertise, do it yourself." I was waiting to get a reply to a final letter that I had written to Doctor Lyman after this letter was sent to me. I wrote to Doctor Lyman again and it was never replied to. That letter has not been introduced in evidence.

Q. Then on August 28th, you simply made up your mind that in the event that the correspondence didn't come forth satisfactorily, you would quit. [522]

A. Yes, sir.

(Testimony of Ralph Spofford French.)

Q. Then your statement here a few moments ago that you never did any business for the company after the receipt of this so-called curt letter of August 11th is slightly erroneous?

A. Yes, sir. My recollection of the date is wrong.

Q. How long after the draft got down there was it that you paid Black back the \$60?

A. The same day that I deposited the \$60 in the bank the draft came, and the next morning Mr. Black came in to see if his contract had come, and I told him that it had come, but it was attached to a draft in the Marine Bank. When they presented this draft I went to the cashier of the Marine Bank and said, "I am having some correspondence with the company and it is not satisfactory to me, and I would like to have you hold this draft for 24 hours." And he said, "All right, Mr. French, I will do it." That was until the following day at 12 o'clock. The next morning when the draft to Black came in—the draft was dated the 28th, and I presume it was presented to me on the 29th—it was about the 30th that Black came in for his contract and I told him the circumstances and I said Mr. Black, I have made up my mind—

Mr. SCHENCK.—Just a moment. I object to that as hearsay as to what took place between him and Black.

Mr. REGAN.—You were acting for the Panama Development Company, weren't you? A. Yes, sir.

Mr. SCHENCK.—Didn't you say a few moments

(Testimony of Ralph Spofford French.)

ago that you were not acting for the Panama Development Company?

A. I was then. You can construe it any way you like.

Q. I don't want to construe it at all. I want the truth. When you were in San Diego, were you acting as agent [523] for the Panama Development Company or were you in business for yourself?

A. I was for the Panama Development Company. I said to Mr. Black that if he wanted to take up this land with the Panama Development Company he would have to go to Los Angeles and do the business with them direct; that my correspondence that I was having with them was unsatisfactory to me and I was not going to represent them any longer, and I took Mr. Black across the street, and, in the presence of Mr. Hodge, the cashier, returned him the \$60 in gold. Now, the very day following that transaction Mr. Black came into my office with a copy of the Los Angeles Examiner informing me that the company was in trouble, and that was the end of the thing.

Q. Now then, as a matter of fact, up to that time you were bending every effort and putting forth every energy to sell Panama lands along the line proposed by the Panama Development Company?

A. Yes, sir.

Q. And that was long after all your private investigations as to Panama, its resources, fertility and the method of acquiring land, and so forth?

A. It was.

Q. I notice the Panama Development Company

(Testimony of Ralph Spofford French.)

says to you in one of these letters, dated July 21, 1911, being Exhibit 168, "Regarding the price of Government lands, if the applicant will go to survey the same at his own expense, make a map and then lodge it with the Government office, with a fee of \$1.00 per acre, he can obtain lands at that price providing his location does not touch on others, and his maps are in accordance with the known boundaries. If there is any error in the same he [524] is obliged to do the work all over again." Taking the case of Mr. Black, am I correct in my understanding that you told Black in substance that?

A. I couldn't say as to that, but all the men that I sold I told them the price at which land could be had direct from the Government if they went there themselves.

Q. And explained to them the red tape, so to speak, they would have to go through? A. Yes.

Q. And that the ultimate cost would not save them any particular money.

A. Mr. Baxter asked me particularly about that. I said to Mr. Baxter, "Of course, I have never been down there and my information is what I got from the books, and the information the company gave me. But if you go down there to take up simply a small tract of land, it would cost you more money than if you took it up through the company. That is what I told all the people that asked me the question.

Q. Do you ever remember of the defendant asking you before he hired you, to misrepresent conditions under which they could get land?

(Testimony of Ralph Spofford French.)

A. No, he never did.

Q. Nor anyone else of the Panama Development Company ever told you that you should misrepresent to prospective customers.

A. Absolutely not. I operated in San Diego under the name of the Panama Development Company and here in Los Angeles [525] as French & Company.

Q. Mr. French, right on that line suggested by his Honor, from your private investigations in the circulars and documents you got from Washington and the books you got from Philadelphia and from investigations, if you made any other, you satisfied yourself, did you, that any of the circulars and documents or literature that they asked you to send out you could conscientiously as an honest man send out?

A. Yes, sir. And before I started to send the circulars out I had Mr. Lindsay's book—and marshaled all the information I was able to get before I went to San Diego.

Q. In other words, you made sure that before you started to issue any circulars or documents or letters—you made some private investigations as satisfy yourself that you were not doing a dishonorable or unlawful act?

A. I took pains to inform myself about the exact facts.

Q. Outside of what anyone connected with that company may have told you?

A. Yes, sir. While I was operating under the name of French & Company at 411 South Main Street, I got out a circular. That circular was got-

(Testimony of Ralph Spofford French.)

ten out as a result of a talk with a man by the name of Ryan. I was introduced to Ryan in the office at Mercantile Place. I mean the Mr. Ryan who was in charge of the United Fruit Company's Plantation in Cuba. The result of my talk with Mr. Ryan was that he came over to my office a day or two afterwards, and I talked with him further, and his conversation convinced me that there was more money in bananas than any of these other things, so I went over to Mercantile Place and had a talk with Mr. Redpath and Doctor Lyman and further on [526] I spoke of setting aside some land for me in Panama for bananas, and ask them if they had any statistics. Doctor Lyman says, "Very little, but, Mr. French, I will have Mr. Ryan prepare what he can from his knowledge and experience for you," and I said, "All right, I would like it," and Mr. Ryan did so and brought it to my office. This circular was based upon the statistics given me by Mr. Ryan, and whatever else is in here came from the literature that I got from the company and from Lindsay's book and from the Pan-American Bulletins that were sent, which bulletins I got outside of the office.

Redirect Examination.

(By Mr. REGAN.)

Q. I show you this letter dated San Diego, August 8, 1911, signed by your name, and ask you whether or not you wrote that letter.

A. I did, and mailed it in the ordinary course of business.

Mr. REGAN.—I now offer the same in evidence

(Testimony of Ralph Spofford French.)

and ask that it be marked United States Exhibit 178.

(The said letter so offered in evidence is marked United States Exhibit 178, is read in evidence, and the same is as follows:)

U. S. Exhibit No. 178—Letter, August 8, 11, French to Lyman.

(On letterhead Panama Development Company.)

San Diego, Aug. 8-11.

Mr. John G. Lyman,

Los Angeles,

My Dear Sir:—

I have the five thousand acres (syndicate) to that point that I must ask you how we can show them responsibility—from some source—that the land will be planted if they buy it. [527] Who can we refer to at Panama; or how can the Panama Dev. Co. show their agreement to plant is a responsible agreement? The gentleman who is interesting the other men to join in the purchase has just put this question to me. You fix this for me and I can land the sale.

Sincerely,

R. SPOFFORD FRENCH."

Q. I show you this copy and ask you whether or not you received the original of that in reply.

A. I did and the original of this has been destroyed or lost, so far as I know.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 179.

(Letter last referred to filed in evidence, marked United States Exhibit No. 179, and is as follows:)

(Testimony of Ralph Spofford French.)

**U. S. Exhibit No. 179—Letter August 9, 1911,
Panama Dev. Co. to French.**

“August 9, 1911.

Mr. R. Spofford French,
1053 Fourth Street,
San Diego, California.

Dear Sir:—

The charge for clearing and planting land to sugar cane is \$50.00 an acre, which includes harvesting and marketing. Simply to clear and plant the land would be \$40.00 an acre. We cannot reduce these charges to anybody. If the syndicate which proposed taking 5,000 acres prefers, they may deposit with the International Banking Corporation of Panama, \$25.00 an acre for the land they wish cleared and planted to sugar cane, to be paid to use when work is completed, and they need not advance a dollar other than payment for the land.

This is in answer to yours addressed to Mr. Lyman.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

L/C

By _____.”

Mr. Redpath signed that letter. All the information I received about the lands did not come from Lyman. Some of the information Mr. Redpath gave me. The statements which I used in the sale of sugar lands to people came from Dr. Lyman, Mr. Redpath and from the literature. [528]

Recross-examination.

By Mr. SCHENCK.—I talked with Mr. Ryan

(Testimony of Ralph Spofford French.)

about the banana land. We were not going to do anything about Panama generally. I came in contact with the company in the month of May. Mr. Redpath never at any time told me anything about his connection with the company—that is whether he was an officer or what office he held or anything of that kind. About the 10th or 15th of July I went to Mr. Redpath to ask him if he thought it was likely that I might make arrangements to represent him in the company and at that time, I think he told me how he stood in the company.

Q. It says here (Mr. Schenck handing witness a circular), “French & Company of Los Angeles have contracted to plant 10,000 acres of these lands to bananas.” Did you mean by that that you considered that you had contracted with the Panama Development Company for 10,000 acres?

A. No. When those circulars were gotten out, when I got the material together and had those circulars printed, the understanding that I had with the Panama Development Company was that Mr. Ryan would go down there and he would select—Now Dr. Lyman never told me that he would set aside any particular tract of land for me to plant bananas, but he told me that he would get a certain tract of land—not a certain tract, but he would get land, five or ten thousand acres, which Mr. Ryan would select, and that then they would enter into a contract, the Panama Development Company, to plant this and this literature was preparatory to that. It was really my intention at the time I had

(Testimony of Ralph Spofford French.)

finished my investigation of [529] Panama lands, to contract with the Panama Development Company for 10,000 acres of land after Mr. Ryan selected it.

Q. And you had, by your course of conduct with them, assured them that if Mr. Ryan went down there and selected it you would contract for it?

A. Yes. I wished to do—my understanding was this: I was to organize a separate company as a banana company. They were to plant the lands for me, for this company, and in preparation I had these circulars printed. I was going to form an independent company and enter into a contract with this syndicate to take the land and go ahead and plant it for my company and for the stockholders.

Q. You told the Panama Development Company you would do that in the event Mr. Ryan selected the right kind of land?

A. Yes. That was all talked over with Dr. Lyman and Mr. Redpath, both of them; we had a number of conversations. Dr. Lyman told me that he had made an arrangement—after we had gone along some little ways in this, Dr. Lyman told me that he had consummated an arrangement with Mr. Ryan to go down there and represent the company. I don't remember that he said he had also completed an arrangement with Mr. Guardia, whereby the company would have representatives in there who were close to the Panamanian Government, like Mr. Guardia and Mr. Quelquejeu. Dr. Lyman told me of his connection with these people who had come into the Panama Company, mentioning Mr. Guardia, telling

(Testimony of Ralph Spofford French.)

of his relationship to—his father's connection in the government, and Mr. Quelquejeu, a wealthy merchant there; that his connection with them was such that it had enabled him to have the Panama Government set aside tracts of land there for him to [530] either colonize or sell, and he had started this Panama Development Company for that purpose with the idea of locating people thereon.

Q. All you ever pretended to do while you ran your office, was to act simply as a sort of a locating agent, to locate people on Panama land, was it, except the cultivation?

A. When you use the word "Locate," just what do you mean by that? I did not try to colonize. I just simply offered these lands as an investment.

Q. Calling your attention to a letter (letter handed to witness).

A. Well, that was this tract of land that they set aside before I went to San Diego. This letter is a reply to a conversation I had with Dr. Lyman and Mr. Redpath, mailed to me at my office here.

Mr. SCHENCK.—We offer this letter in evidence at this time.

(Document last referred to filed in evidence, marked Defendant's Exhibit "G," and is as follows:)

**Defendant's Exhibit "G"—Letter, May 29, 1911,
French to Panama Dev. Co.**

"501 I. W. Hellman Bldg.

May 29, 1911.

Panama Development Company,
216 Mercantile Place,
City.

Gentlemen:

Will you kindly set some price per acre which you will charge me for locating my customers on Government lands, in Panama, in accordance with my talk with your Mr. Lyman to-day. This is with the agreement upon my part that I shall deal exclusively with your company in my works as a broker in locating people upon Panama Government lands.

Yours most truly,

R. SPOFFORD FRENCH."

This letter was written practically at the inception or at the start. [531]

Mr. SCHENCK.—I now offer Defendant's Exhibit "F," the printed circular entitled "Opportunities in Panama" and signed "French & Company, 411 South Main Street, Los Angeles, California," and being four columns wide.

(The said document is marked Defendant's Exhibit "F," and is as follows:)

**Defendant's Exhibit F—Circular Issued by French
& Co.**

OPPORTUNITIES IN PANAMA.

There are thousands of people who have some money—a few hundred or a few thousand dollars—

which is deposited in some bank where it pays only three per cent or four per cent interest. Such people are generally glad to invest a part of such savings elsewhere, when there is a promise of a larger rate of interest, and also additional profit from the future increase in the value of land or stocks in which they invest.

The careful investor will not put all of his money in any new enterprise. He should, however, look carefully into every new field of opportunity, and invest in some of the chances it affords for making money, provided he can have assurance his money will be reasonably secured and honestly handled.

THE REPUBLIC OF PANAMA.

There is probably no field of human effort which has yielded larger returns than tropical agriculture. The rapid growth of plant life in a rich soil moistened by frequent showers and warmed by a tropical sun, is little short of marvelous.

A new field of human endeavor—full of wonderful agricultural opportunities—has been opened to the world in the new **REPUBLIC OF PANAMA**. Everyone reads with interest the great work which is being carried on by our government in building the Panama Canal—that link in the chain of human endeavor which shall united the Pacific with the Atlantic—the Orient with our new civilization! Through this Canal will pass mighty ships bringing their great cargoes of precious goods from the far east to supply the United States. While back through the same Canal merchants of New York and New Orleans will send to the peoples of the Pacific

Coast, China, and Japan, the thousands of products from the farms and workshops of the United States. In fact, from all parts of the wide world ships will come and go through this great Canal, carrying within their strong steel frames the merchandise of the whole world. What a milestone along the highway of human endeavor will be the opening of this Canal! Napoleon marched into Egypt and looked upon the Pyramids—cold, lifeless, rock-made images—landmarks of a civilization long since passed away! Tombstones of a buried past—valueless except to please the imagination! How different our great Panama Canal! As the years and the ages go on, this greatest waterway of all history, will bear on its bosom ever-increasing cargoes of human freight [532] as well as merchandise. Long after the Pyramids shall have wasted away and become a part of the desert sands, this great Canal will be the waterway of new peoples and new civilizations yet to be born. The Atlantic and the Pacific once united will remain forever! What does this mean? It means that it has remained for the American people to raise a monument to the future which shall outlast the Pyramids!

Egypt had its day! Greece and Rome reveled in silks and fine women! The Roman Forum stirred the blood of the populace to ecstasy, sometimes to frenzy. Then all this revelry, all this pomp and splendor, faded and disappeared like a purple twilight. The music ceased, the voices became hushed forever! They became dead empires! The Panama Canal will never die! So long as the sun rises from

the blue waters of the Pacific—so long as it casts its slanting rays along the curling waves of the old Atlantic, so long will the canal endure!

The question is rightly asked where and what is this country through which we are building this great canal? It is a new country, a new Republic, born on the 13th of February, 1904, and christened THE REPUBLIC OF PANAMA. It is just north of the equator. Bounded on the west by Costa Rica and on the east by Colombia, it is the connecting link of land between North and South America. Throughout the greater part of Panama the temperature during the day does not vary ten degrees either way from 80 degrees. Along the rivers of the Pacific Coast side the rainfall is large, about 70 inches yearly. It generally rains about an hour or two each day, then the hot sun comes out again, thus promoting rapid vegetable growth. The land rises as one goes back from the ocean. Great valleys, filled with rolling plains are encountered in the interior. Here are grown sugar *can*, tobacco, rice, corn, cocoa, and in the higher lands coffee is an exceedingly profitable industry. Near the border of Costa Rica oranges are grown to perfection, maturing for the market in November. Everything is produced in Panama in profusion which is grown in any tropical country. The growing of cocoa will be one of the large and profitable industries, as will also rubber. Large amounts of English and American capital are going into the growing of sugar cane.

By the time the Canal is opened to commerce—1915—millions of dollars of American Capital will

have been invested in Panama in these different industries. There is one industry in which Panama is destined to lead the world, and that is the growing of bananas. Bananas are grown on the Atlantic Coast of Panama, along the Chagres River, from whence they are shipped to New York and Boston, and from those cities distributed to different parts of the United States. The banana business in Panama has thus far been largely in the hands of the United Fruit Company of Boston. This company has vast plantations covering thousands of acres, from which several million dollars worth of bananas are shipped annually. It has never been possible to supply the increasing demand for bananas in the United States alone, while foreign countries practically go without, although eager to get the fruit.

LANDS THROWN OPEN TO AMERICAN INVESTORS.

Within the past two years, the Government of Panama, being desirous of having their country developed, have thrown open to American investors vast tracts of lands. These lands can now be purchased direct from the Government at a price of [533] only five dollars per acre, provided, however, purchaser improve them by planting some crop at any time within four years. The purchase money is payable \$2.50 per acre down, and the balance in four years.

ADVANTAGES OF LOCATION OF PANAMA.

When the Canal is opened in 1915, Panama will be the Gateway for the commerce of the world. This

means that the products grown there can be most advantageously shipped to any part of the world by water rates, the cheapest transportation known. Panama will never be at the mercy of the railroads—to dictate freight rates. Panama can produce nearly everything necessary for her own use and consumption.

In a few years good farming lands in Panama will command as high a price as similar lands in any part of the world. Already American, English and French capital are buying thousands of acres of these choice lands. By the time the canal is open what lands are unsold will be selling for \$100 or more per acre. The time to buy them is now, while the price is low. Anybody buying now should reap a handsome profit before the four year period has expired, should they prefer to sell rather than plant their lands. The price now is \$5.00 per acre. This price will soon be advanced by the Government.

BANANA LANDS ON THE PACIFIC COAST.

On the Pacific Coast, along the banks of the rivers leading from the interior to the Ocean, are some of the finest banana lands to be found anywhere in the world. Here centuries of decay of vegetation have produced a soil most rich in vegetable mould, and because of its moisture containing qualities, just adapted to the growing of bananas. These lands at present are covered with a scattered growth of timber and a dense jungle of brush.

The lands are first surveyed and fenced. After that the brush is cleared away and the timber cut. So rapid is decay in the tropics that this brush has

entirely disappeared and become a part of the soil in three years. Even good sized trees will rot and crumble away in that length of time. After falling the timber and clearing away the brush the land is in condition to plant to bananas.

PLANTING OF BANANAS.

The land is lined off with stakes where the holes are to be made in which to plant the banana seed. 100 holes (viz. 100 seed.) to the acre is considered the best amount to plant. From each hole a stalk grows up which develops into a banana plant. The stalk puts forth branches, or huge leaves, and the fruit grows upon the branches, hanging down in clusters which develop into bunches.

From ten to twelve months from planting the seed, the first cutting of fruit is made. This generally results in a [534] production of 90 per cent. of the seeds (holes) planted, or 90 bunches per acre, as there are 100 plants to the acre. From that time on the increase in the number of bunches is very rapid.

The following table No. 1 contains the items of cost of planting bananas, furnished by Mr. E. D. Ryan, an experienced grower of bananas in Panama.

TABLE NO. 1.

COST OF PREPARING LAND AND PLANT-
ING BANANAS PER ACRE.

Underbrushing	\$12.00
Lining up stakes for seed.....	2.00
Digging holes for seed and planting.....	4.50
Cost of seed including freight.....	15.00
Falling timber	30.00
Administration	16.50
<hr/>	
Per acre.....	80.00

COST OF LANDS.

All lands are owned by the Government and the present price is five dollars per acre, payable \$2.50 per acre down, and \$2.50 in four years. The first deed issued by the government is called a provisional title, as the land must be cultivated by some crop before a final deed is issued by the government. Not any interest or taxes are charged during this four years. This gives the investor four years in which to clear and plant the land. A deed may be obtained, however, as soon as you plant the land. As these lands come direct from the Panama Government the title is perfect.

Labor.

The work on the banana plantations is carried on largely by negroes, who prove very satisfactory labor. They live an easy contented life in their small huts nestled in among the banana trees. Labor is cheap.

TABLE OF PRODUCTION AND COST.

These estimates were furnished R. S. French, by

Mr. Ryan of Panama—an experienced grower of bananas in Panama.

This table not only shows the production and cost, but also gives the selling price at the plantation (bananas are sold for cash), and the net cash returns per acre, per year,—at the plantation.

TABLE NO. 2. [535]

No. of Year.	Price per Bunches.	Bunch.	Amount.	Cost.	Net per Acre.
1	90	30c.	\$27.00	—	27.00
2	144	30c.	43.20	30.00	13.20
3	196	30c.	58.80	33.00	25.80
4	240	30c.	72.00	34.60	37.40
5	480	30c.	144.00	44.00	100.00

Making a total for five years.....\$203.40

PROFITS AND COSTS.

You will notice these profits in Table 2 are based upon receiving only 30 cents per bunch at the plantation. Beginning with the Fourth year from planting, the production per acres is sufficiently large to warrant chartering a steamer and marketing our own bananas—at Los Angeles, or any other Pacific Coast point—At San Francisco, Portland, Seattle. The average yearly price of bananas at Los Angeles would return a net profit of \$1.75 per bunch after deducting freight charges. 240 bunches per acre during the fourth year would return a net profit per acre of \$385.40, after deducting the yearly cost of maintenance.

PACIFIC COAST SUPPLY.

At present the bananas sold in Los Angeles come from South America, from whence they are shipped to New Orleans by water and from there they are brought to Los Angeles over the Southern Pacific

Railroad—the railroad freight from New Orleans to Los Angeles is three times as great as the steamer rate from Panama to Port Los Angeles. Then, too, most of the bananas now sold in Los Angeles are of inferior grade. New Orleans and the east get first choice. All this means that a new plantation located on the Pacific Coast side of Panama, from whence the bananas can be shipped direct to Los Angeles by water, will have no competition in the Los Angeles market. This will mean the very best bananas will be sold at Los Angeles. One thousand car loads per year are now shipped into Los Angeles, where the demand is always greater than the supply.

In addition to Los Angeles such a plantation will have the entire Pacific Coast for a market—San Francisco, Portland, Seattle, and all the country back of these cities—markets whose demands will consume more bananas than the whole of Panama can supply for years to come.

French and Company of Los Angeles have contracted to plant 10,000 acres of these lands to bananas.

If you have a small or large sum of money you would like to invest in a safe and profitable manner, call or send your name and address to them, and they will tell you how you can share in the profits of this large plantation.

\$1,990,000 in five years from an original investment of \$212,500.

The investor who puts his money in now, will reap

the largest profits. Act NOW!!

FRENCH & COMPANY,
411 South Main Street,
Los Angeles, California. [536]

[Endorsed]: 672—Crim. U. S. vs. Lyman. Defts. Exhibit "F." Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Testimony of Clinton Johnson, for Plaintiff.

CLINTON JOHNSON, a witness called on behalf of the Government, being first duly sworn, testified as follows:

My business is mining principally. I am acquainted with the defendant. I was introduced to him on the street along about the first part of June, 1913, and later on I met him in July of the same year. I had a conversation with the defendant over in the jail. In the conversation in the jail Mr. Lynn was present. In that conversation the matter was under advisement about getting bond for Dr. Lyman and it was suggested that possibly he might be taken out temporarily in the custody of some of the officials, deputy United States marshals, I believe and I was told to see what could be done. It was suggested in that conversation that Dr. Lyman would stand the expense of those United States marshals if that would be an inducement to the officials to let him out, and that the money would pass through Mr. Regan's hands; he could see to the matter. I think Mr. Lyman was the one who stated that he thought \$1,000 or \$1,500 would be apt to accomplish the pur-

(Testimony of Clinton Johnson.)

pose of getting the doctor out in the custody of these special officers. \$1,000 or \$1,500 was to be paid to Mr. Regan if he would settle the bill with the United States Marshal. A suggestion was made by Mr. Lynn that no account be kept of the expenses. I was told to come and see Mr. Regan to see what could be done. The defendant said he could dig up the money if he could get out in the custody of those United States marshals. I came to see Mr. Regan about the bail of Dr. Lyman and told him of this conversation which took place over there. [537]

Cross-examination.

By Mr. SCHENCK.—I had never known Dr. Lyman prior to the time I was introduced to him in the county jail. Someone came to me and told me of the dire straits the defendant was in because he could not get out to get anybody to go on his bond and get out of jail. Dr. Lyman undertook to get me to interest others to go on his bail. Pursuant to that suggestion I did, for a considerable period of time busy myself in an effort to find somebody who would be willing to go his bail and I brought a couple of men up to your office one time that were going on the bail. The outcome of the whole thing was that Dr. Lyman did not care to get out after I got the bail ready—that is he did not care to get out at the price.

Q. In other words, in consideration of going on that bail he would have to produce a certain amount of money as premium for the bondsmen—in other words, they were not going on it for their health.

A. Produce a nominal sum for the premium and

(Testimony of Clinton Johnson.)

a certain sum for fees. We had agreed on the price previously, but he would not pay the price. The fee was \$1,000 besides the fees that were going to the bonding company. I have no feeling against him at all.

Q. And you have enough confidence in him to expect that you eventually may get it if he ever gets out to get the money for you, have you?

A. I am dependent on the opinion of certain other people in regard to that matter, partially. They seem to be of that opinion, that I will get my money eventually. To begin with I went up to the county jail unsolicited by Dr. Lyman. He said if [538] he could get to San Francisco that he would produce certain collateral of his own, that would satisfy the bonding company.

Mr. SCHENCK.—You said on your direct examination that the money was to be handled through Mr. Regan, and that Dr. Lyman said that if the thing could be brought about so that he could be taken to San Francisco under whatever guard the government might think necessary, he could, as you expressed it, dig up the money for that. Was anything said as to what was to be done with it? Was it to pay these guards or probably Mr. Regan?

A. I presume it was to pay the guards, and Mr. Regan was to keep whatever he had left. That was my understanding of it.

Q. Did you come over to Mr. Regan pursuant to whatever conversation you had over there?

A. Yes, sir.

(Testimony of J. E. Wagner.)

Q. Did you come over here with the idea of attempting to bribe him? A. I did not.

Q. Did you say anything about making it lucrative for him if he would kindly consent to let the defendant go to San Francisco? A. I did not.

Q. Then whatever may have been said, either directly or indirectly, did not cause you to come over here and attempt to bribe a government official?

A. Absolutely not, and I had no such idea in my mind from anything that was said over there.

Testimony of J. E. Wagner, for Plaintiff.

J. E. WAGNER, a witness called on behalf of the Government, being first duly sworn, testified as follows:

I called at the office of the Panama Development Company in the spring of 1911. I think I recognize the party that I saw [539] as Mr. Redpath. I am not absolutely sure however. I had some talk with a gentleman about what the company was doing. He told me they were selling property down there, that they had sold 10,000 acres to an American Colony or colonist, I couldn't say which, and that there was a railroad going through there some 250 miles in the interior. He told me that they were also clearing off land for purchasers for one-half of the crop for two years. He told me they were the exclusive agents for the Panamanian Government, and that the railroad would be completed in about six months. I asked him if there were any Americans there, and he told me they had sold 10,000 acres to the American Colonists but it was not neces-

(Testimony of J. E. Wagner.)

sary to go down there, and he told me about the proposition to clear land off. On a small map of Agua Dulce he indicated where he could get me lands. He told me where the different crops were grown, and as I was only interested in sugar that is the only thing I can remember. I had a conversation with him about exchanging my property. I told him I had 21½ acres at Lawndale with a nine-room house, and my proposition was that he assume a mortgage of \$800 and give me \$1,000 in cash and the balance in land. This conversation came up with Mr. Redpath. He told me he couldn't do anything about it; he would have to take it up before the board of directors. In a few days I got a letter, which is in evidence here and I called in reply to that letter.

Mr. REGAN.—I offer the same in evidence and ask that it be marked United States Exhibit 180.

(The said letter so offered in evidence is marked United States Exhibit Number 180, is read in evidence, and is as follows:)

**U. S. Exhibit No. 180—Letter, July 10, 1911,
Panama Dev. Co. to Wagner.**

(Letterhead Panama Development Company.)

“Los Angeles, July 10, 1911. [540]

Mr. J. E. Wagner,

Box 57, Lawndale,

Los Angeles Co., California.

Dear Sir:—

Referring to our conversation a few days ago in regard to exchanging your property for Panama

(Testimony of J. E. Wagner.)

Land, we wish to inform you that we have taken this matter up with the view to securing you a large cash payment on your property in addition to a certain acreage of Panama Land.

If you will kindly call at this office at your earliest convenience, we shall be glad to talk the matter over fully with you. We believe that we can make an arrangement which will be very satisfactory to you.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

G. L. MAYNARD.

M/C.

(Envelope attached.) Mr. J. E. Wagner, Box 57, Lawndale, Los Angeles Co., California.

(Stamped) Los Angeles, Cal., Sta. C., Jul. 10, 5 P. M., 1911.

(Stamped on back) Lawndale, Jul. A. M., 1911, Cal.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 180. Fld. Nov. 7, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehart, Deputy Clerk.

After my first visit I called at the office a few days after receiving this letter, and on my second visit to the office of the company I met Dr. Lyman. Lyman told me, "You have come here to look after some land or something in regard to that," and I says, "Yes; I came here to see what you have got to offer. I have already made my proposition to you." He said, "You have come to the right place. We have one of the best propositions in the world," and he went on to tell me that the company was the agent

(Testimony of J. E. Wagner.)

of the Panama government and told me about this railroad running through 250 miles on that side, and that they had sold 10,000 acres to American colonists. I asked him what he could do about the proposition I made them. He says, "Well, we are ready to assume the mortgage on your property and give you the balance in Panama lands. We have a man who will buy any portion of the property that you take or wish [541] to sell him for cash." That is he would buy any portion of it back from me after getting a right to the land. I asked him what assurance I would have, if I took the land there that this man would buy the property from me? He said, "You don't need to worry about that. He is gobbling up all the property he can get down there." I says, "Why don't you sell it all to him?" He says, "We want to settle up the country. We don't want to sell it to one man." I told him the proposition didn't look good to me. There was another proposition that I brought up in regard to going down there. He said, "If you make this deal you don't have to go down there unless you want to." But I can't remember which event preceded or followed the other, because it is too long since. But, any way, he said, "You don't have to go down there, because we have a gang of men clearing land and putting it in for one-half of the crop for two years." I says, "If that is the case, what is your object in selling the land? Why don't you clear it off and have it for an indefinite time and have all the crop?" I says, "The proposition don't look good to me," and I got up and left and that ended the proposition.

(Testimony of J. E. Wagner.)

Cross-examination.

I can't tell the date of that conversation with Dr. Lyman. It was a few days after I received this letter. I personally only had one conversation with Dr. Lyman, and that was in the office of the Panama Development Company.

Q. (By Mr. SCHENCK.) This letter is dated July 10, 1911? Do you know when you got it?

A. I can't say. It may have been as much as a week. I was working by the day and I had to take the time when I could. I believe it was Saturday, but I am not absolutely sure. I had been in the office of the Panama Development Company, but [542] had not seen Dr. Lyman. I think it was Mr. Redpath that I used to see, but I am not sure about that. I don't think Mr. Redpath told me what connection he had with the company. My talk with Dr. Lyman lasted not more than ten minutes. I recognize the defendant as being the man. I talked to three people there—the man that ushered me in in the first place. I believe he was the same man that did it the second time. He introduced me to the first man and then to Dr. Lyman. I believe Mr. Guardia's name was mentioned as being president of the company, and that he was the son of one of the high officials of the Panama Government. I don't remember if he spoke about Mr. Quelquejeu, a merchant of Panama.

Q. Did he speak to you of Santiago de la Guardia?

A. He spoke of several places down there, but I was only interested in the sugar cane proposition and I paid no attention whatever.

(Testimony of J. E. Wagner.)

Q. This doesn't happen to be a place. This is a man.

A. Well, it is all one to me. My recollection of the conversation is not so very keen. The details I cannot remember. I am willing to make an affidavit that he said to me that the company was the agent of the Panamanian Government.

Q. Are you also willing to make an affidavit now that he did not say to you this: "Mr. Guardia is connected with the Panamanian Government and is our agent down there?" You are absolutely positive that that is not the way he put it, are you?

A. I think it was put in this way: "That the president or vice-president of our company is the son of a high official of the Panama Government."

Q. You think that is the sum and substance of what he said to you about the agency in Panama?

A. Yes, sir; and that that high official would act as agent of the company. [543]

Redirect Examination.

I want to take back the last statement I made. I mean to say that the statement that was made to me by Redpath and Lyman was that the Panama Development Company was the agent of the Panamanian Government in the sale of these government lands.

Testimony of Fred Irwin Palmer, for Plaintiff.

FRED IRWIN PALMER, a witness called on behalf of the Government, being first duly sworn, testified as follows:

I called at the office of the Panama Development Company in the latter part of August, or first part

(Testimony of Fred Irwin Palmer.)

of September of 1911. I saw two or three different people there, but I can't remember them. I would not undertake to state the names of either of those people. When I walked into the office of the company I spoke to a man at the desk. I asked him in regard to lands that I saw advertised in the paper, and he told me they had lands in Panama that were for sale, and I asked the price of the lands, and they were stated in the papers as well, and he said \$5.00 an acre. I asked in regard to the terms and the land, and he told me.

Q. Was there anything said about the connection of the company with the Panama Government?

A. Yes, I asked him if I should buy lands what assurance I would have if I paid the money that the money would be applied on the lands, and he said that they had references right here in the city to which I could go to obtain the necessary information, and they named two or three different parties. One of these parties was the Security Savings Bank.

Q. Was anything said with reference to any connection between the company and the Panamanian Government?

A. Nothing, only that the Panama Government would issue a provisional deed or contract upon receiving money for the [544] land. They said they had to pay these moneys to the Panama Government, and for the surveys. I asked him in regard to whether or not they had any other companies besides the Panama Development Company in Los Angeles, and they said they were the only company that rep-

(Testimony of Raymond Gray.)

resented the Panama lands, and that they had to purchase the lands of the Panamanian Government. They told me a contract or provisional title would be received from the Panama Government and also the identical description of the lands, but it would take some days to do that.

Testimony of Raymond Gray, for Plaintiff.

RAYMOND GRAY, called and sworn on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

I visited the office of the Panama Development Company in 1911. I saw Mr. Smith there.

Q. When did you last see Mr. Smith?

A. In the last part of September. He was dead. It was in an undertaking establishment on Hope Street.

Q. Do you know where he died? A. In Denver.

Testimony of Alexander G. Murray, for Plaintiff.

ALEXANDER G. MURRAY, called and sworn on behalf of the United States, upon direct examination by Mr. Regan testified as follows:

My name is Alexander G. Murray. In 1911 I was employed by the "Los Angeles Examiner" in charge of their real estate advertising; acting in that capacity. I had transactions with the Panama Development Company, principally with Mr. Smith and during his absence in Panama Mr. Byrd had charge of their advertising.

Q. I show you what purports to be a contract between the Panama Development Company and the

(Testimony of Alexander G. Murray.)

“Examiner,” and ask you whether or not that was executed. [545]

A. In my handwriting; yes, sir. Signed by Mr. Smith and myself for the Panama Development Company and all the advertising which was done in the “Examiner” by the Panama Development Company was done under the terms of this contract.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 181.

(The said contract is marked United States Exhibit 181, is read in evidence, and is as follows:)

**U. S. Exhibit No. 181—Contract, May 18, 1911,
Panama Dev. Co. and the “Los Angeles
Examiner.”**

“Original. Los Angeles, Cal. May 18 1911.

WILLIAM RANDOLPH HEARST—We hereby authorize you to insert one advertisement in the Display Columns of the LOS ANGELES EXAMINER, as follows: Fourteen lines or more daily and Sunday for six months to commence May 18th, 19— to expire November 17th, 1911, for which we promise to pay to WILLIAM RANDOLPH HEARST at the rate of

\$.07½ per line, Daily. 1.05 per inst

\$.10 per line, Sunday. 1.40 “ “

The foregoing rates must conform to the “Examiner’s” Rate Card in effect February 15, 1911, otherwise this contract is void. If for any reason this contract is canceled before completion, advertising will be paid for at regular short time rates. Advertisements of objectionable character will not be considered a part of this contract.

All advertisements are payable in advance unless arrangements for credit are made with the management.

PANAMA DEVELOPMENT COMPANY.

Address L. R. SMITH, Sec.

Business 216 Merc. Blk.

Arac Estate.

Accepted for William Randolph Hearst and 'Los Angeles Examiner.'

By A. G. MURRAY,
Representative.

(On Back) Received May 18, 1911. Answered
_____, Advertising Manager.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 181. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Under that contract I received copies of advertisements from Mr. Smith and Mr. Byrd, which were published in the "Examiner." The advertisement you show me signed Pan-American Investment Company, appearing in the copy of the "Los Angeles Examiner" of Wednesday, August 30, 1911, was published in the daily "Examiner" and the Panama Development Company was charged with the same at their contract rate. I either got the copy for the ad at the Panama Development Company office or Mr. Byrd brought it over. (The paper containing the advertisement identified by the witness was introduced and read in evidence, marked U. S. Exhibit 182, and reads as follows:) [546]

**U. S. Exhibit No. 182—Advertisement in
“Examiner” of August 30, 1911.**

“FOR SALE—Coffee Plantation located at Boquete, Province of Chiriqui, Republic of Panama; 300 acres set in Coffee Trees, 16 years old, with large house and all necessary outbuildings, one of the finest Plantations in the Republic. Price \$40,000 gold. Property is earning 20 per cent per annum on this price. Terms, \$10,000 gold down and a mortgage for \$30,000 at 8 per cent for as long as may be desired. A 90-day option will be given the purchaser to examine the Plantation and verify the earnings, which have exceeded \$8,000 a year for the past five years. PAN-AMERICAN INVESTMENT COMPANY, 433 Consolidated Realty Building, Sixth and Hill Streets, Los Angeles, Cal.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 182. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.”

The copy of the “Los Angeles Daily Examiner” issue of Friday, Sept. 1, 1911, came from the Panama Development Company and was either obtained by me at the office or Mr. Byrd brought it.

(The issue identified was introduced and read in evidence, marked U. S. Exhibit 183, and is as follows:)

**U. S. Exhibit No. 183—Advertisement in
“Examiner” of September 1, 1911.**

TO INVESTORS. Within the past week the following advertisement has appeared in the daily press of Los Angeles:

FOR SALE—COFFEE PLANTATION LOCATED at Boquete, Province of Chiriqui, Republic of Panama. 300 acres set out in Coffee Trees, 16 years old, with large house and all necessary outbuildings. One of the finest Plantations in the Republic. Price \$40,000 gold. Property is earning 20 per cent per annum on this price. Terms \$10,000 gold down and a mortgage for \$30,000 at 8 per cent for as long as may be desired. A 90-day option will be given the purchaser to examine the Plantation and verify the earnings, which have exceeded \$8000 a year for the past five years.

PAN AMERICAN INVESTMENT COMPANY.

We know the above property and that the statement of earnings is correct; furthermore, that there is no better Plantation in the Republic, but we wish to say this, we have Government lands, *adjoining* this property, at \$6.00 an acre, payable \$3.00 down and \$3.00 in four years, which are equally as good. All they lack is cultivation. What has been done by others can be done by you, and there is no better purchase in the entire world than these Government lands, which are destined to greatly increase in value with the opening of the Canal. Come in today.

PANAMA DEVELOPMENT COMPANY,

216 Mercantile Place,

Between Fifth and Sixth Streets,

LOS ANGELES.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 183. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

(Testimony of Alexander G. Murray.)

The WITNESS.—I have shown Dr. Lyman proofs of advertisements, but I never received any copy from him. [547]

Cross-examination.

(By Mr. SCHENCK.)

Q. Do you remember with reference to these two ads, whether you ever had any conversation with Dr. Lyman about either one of them?

A. All the conversation I had about either one of these ads was with Mr. Smith. The copy was usually prepared and Byrd simply gave it to me when I called for the copy. I haven't the slightest idea in the world who prepared it.

Testimony of Thomas O'Rourke, for Plaintiff.

THOMAS O'ROURKE, called on behalf of the United States, after being duly sworn testified as follows:

My name is Thomas O'Rourke. I remember the Panama Development Company. I wrote to them the 16th day of June, 1911, and I received a reply through the mail.

Mr. REGAN.—I now offer the reply in evidence and ask that it be marked United States Exhibit 184.

(The said letter is marked United States Exhibit 184, is read in evidence and the following is a copy thereof:)

**U. S. Exhibit No. 184—Letter, June 20, 1911,
Panama Dev. Co. to O'Rourke.**

(Letterhead of Panama Development Company.)

Los Angeles, June 20, 1911.

Mr. Thomas O'Rourke,

Box 51, R. F. D.,

San Fernando, California.

Dear Sir:—

We have your valued favor of the 16th instant regarding the Government lands for sale in Panama, and we take pleasure in advising you that we will accept payment in two installments of \$12.50 each. You obtain provisional title from the Government upon receipt of the second installment, and definite title at the end of four years when final payment is made. No interest or taxes are required during this period. We are handing you herewith complete descriptive literature regarding the land, and would be glad to have you fill out the enclosed application blank and send it to us at once. At the present time we have some very fine land open along the new railroad, now being constructed from the City of Panama to the City of Davis, in the Province of Chiriqui. This land is less [548] than 100 miles from the western entrance of the Canal, and is located at the town of Agua Dulce, in the Province of Cocle; a large tract in this locality has been sold to an American Colony, who will erect a sugar mill, and plant all of their land to sugar cane. This land is selling quite rapidly, and will undoubtedly be disposed of at an early date, so to be sure of securing a

(Testimony of Thomas O'Rourke.)

location in this particular district, we would ask that you favor us with your application at once.

We are in a much better position to make this selection for you than though you were on the ground to act for yourself, as we have experts who are familiar with the different locations and every existing condition.

We feel so confident that our selection would please you, that we are willing to agree to refund you your money at any time within two years, upon the assignment of the provisional title to us, if for any reason you should be dissatisfied with purchase.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

S/C.

L. R. SMITH, Secy.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 184. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

A. With that letter was received some literature. I received that letter through the mail and with it I received that application for land.

(The said documents so identified are marked United States Exhibit 185-A and 185-B, are read in evidence, and the following is a copy thereof:)

**U. S. Exhibit No. 185-A—Letter, June 24, 1911,
Panama Dev. Co. to O'Rourke.**

(Letterhead of Panama Development Company.)

Los Angeles, June 24, 1911.

Mr. Thomas O'Rourke,

Box 51, R. F. D.,

San Fernando, California.

Dear Sir:—

We have your favor of the 23rd instant, and are enclosing you herewith application blank as requested. We regret that this was not sent you with our previous letter, and trust that you will *avail* yourself of the opportunity to file upon the land immediately, and send your application in by return mail.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

S/C.

L. R. SMITH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 185-A. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart.

**U. S. Exhibit No. 185-B—Blank Application for
Land.**

APPLICATION FOR LAND. (In Pen)

T. O'Rourke.

PANAMA DEVELOPMENT COMPANY,

216 Mercantile Place,

Los Angeles, California.

Dear Sirs: [549]

Enclosed please find \$——, for which please purchase for my account, at \$5.00 per acre; payable \$2.50 per acre upon application and \$2.50 per acre

within four years, — acres of Government agricultural lands in the district of Agua Dulce, Province of Cocle, Republic of Panama, suitable for the cultivation of sugar.

I further agree to pay you the sum of \$2.50 per acre as above specified within a period of four years, it being optional with me as to when I shall make the payment during the period named. It is mutually understood and agreed that I shall not be called upon to pay any interest or taxes under this agreement.

Name_____

Address_____

(Perforation.)

(If you wish the land cultivated, sign the enclosed agreement and return with your application. The agreement regarding cultivation binds you to nothing except to permit us to develop the land on shares, and if thus cultivated it should be placed on an income-producing basis within 18 months. Should you desire, you may add anything to the agreement which you feel will further protect your interests.)

PANAMA DEVELOPMENT COMPANY,

216 Mercantile Place,

Between Fifth and Sixth Sts.,

Los Angeles, California.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 185-B. Fld. Nov. 3, 1913. Wm. M. Van Dyke, Clerk. By Robert E. Rinehart, Deputy Clerk.

I received this letter through the mail in an en-

velope and enclosed with this letter I received this map.

(The said documents so identified are marked United States Exhibits 186-A, 186-B and 186-C, respectively, and 186-A and 186-C are read in evidence and the following are copies thereof:)

**U. S. Exhibit No. 186-A—Letter, June 28, 1911,
Panama Dev. Co. to O'Rourke.**

(Letterhead of Panama Development Company.)

Los Angeles, June 28, 1911.

Mr. Thomas O'Rourke,

Box 51, R. F. D.,

San Fernando, California.

Dear Sir:—

We are handing you herewith two maps, one showing the Panama country in general, and the other the Colony at Agua Dulce, in the Province of Cocle. We have marked on the first map, the location of this colony, and can locate you in the block marked with a cross, or any unsold block that you may select. We are also handing you herewith application blank, and trust that you will fill same out at once and forward to us with proper remittance. [550]

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

L. R. SMITH,

S/C. Enc.

Secty.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 186-A. Fld. Nov. 13, 1911. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

(Envelope) (2 cancelled two cent stamps)

(Testimony of Thomas O'Rourke.)

(Postmark) Los Angeles, Cal. June 28 6:30 P. M.
1911. Sta. 6. Mr. Thoma O'Rourke, Box 51, R. F.
D. San Fernando, Calif.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S.
Exhibit No. 186-C. Fld. Nov. 13, 1913. Wm. M.
Van Dyke, Clk. By Robert E. Rinehart, Deputy
Clerk.

Mr. REGAN.—This map identified by the witness,
186-B, is the same as United States Exhibit 59, here-
tofore introduced, except on the back appears these
two red circles.

I received that letter the letter of July 1st through
the mail.

Mr. REGAN.—I now offer the same in evidence,
and ask that it be marked United States Exhibit 187.

(The said letter is marked United States Exhibit
187, is read in evidence, and the following is a copy
thereof:)

**U. S. Exhibit No. 187—Letter, July 1, 1911, Panama
Dev. Co. to O'Rourke.**

Los Angeles, July 1, 1911.

Mr. Thomas O'Rourke,

Box 51, R. F. D.,

San Fernando, California.

Dear Sir:—

We take pleasure in acknowledging receipt of your
favor of the 28th ultimo, containing check for
\$12.50, which we have placed to the credit of your ac-
count under the usual reservation, this being the first
installment on ten acres of land at \$5.00 an acre, in

Panama; the second installment of \$12.50 being due on or before August 1st, and the balance of \$25.00 in four years from date without interest or taxes.

We will plant this ten acres for you and take the expenses out of the first two crops. The land will be planted as soon as Provisional Title is received from the Government. We have about reached the limit that we care to cultivate in this manner and if you care to take up more land, we would advise you to send in your application at once, even with a nominal deposit that we may reserve same for you and hold it until you are able to make the full payment; In this manner you will be assured *if* the property adjoining the ten acres which has already been located for you, and at the price of \$5.00. You understand that this price will be raised the latter part of this month to \$6.00.

Regarding the timber lands that you mentioned, there are absolutely no conditions laid down as in the Agricultural lands. It is simply a matter of paying for same and holding them as long as you care to. We have timber land open in the Province of Veragua, which you may file upon without taking up any agricultural land. This is an unusual condition, and will not [551] *lat* long as there are only 16,000 acres in the tract. We thank you very much for having considered this agency in making the purchase, and we assure you of our co-operation at all times.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

S/C.

L. R. SMITH.

(Testimony of Thomas O'Rourke.)

P. S.:—We are enclosing you herewith Land Agreement covering your purchase, and would ask that you kindly sign and detach the two inner sheets marked with a cross, and return to us at your earliest convenience.

[Endorsed]: 672—Chim. U. S. vs. Lyman. U. S. Exhibit No. 187. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.

A. I received a copy of the land agreement similar to United States Exhibit 46, and in pursuance to the instructions there, I filled out and sent back the papers that I have indicated.

Q. I now show you this paper—the land agreement—and ask you whether or not that is the one which you executed. A. Yes; this is the one.

Q. And did you send back to them the copy of the land agreement, the application for land and the power of attorney? A. I did.

Q. And this is the document which you received, and these are the copies you returned to them?

A. Yes; these are the documents.

Mr. REGAN.—The document identified by the witness is the same as United States Exhibit 46, except as to the date. It is dated July 1st, 1911, the name is Thomas O'Rourke, as party of the second part, and the Panama Development Company as party of the first part, and provides for the purchase of ten acres of land in Cocle, Republic of Panama. The receipt shows the receipt of \$12.50. The copy just identified by the witness as having been returned to the company is a copy of the land agreement,

(Testimony of Thomas O'Rourke.)

which was just read to you, similar to United States Exhibit 46. The application for land reads as follows: [552]

**Application of O'Rourke to Panama Dev. Co. for
Land.**

“Application for Land. No. 30.

Panama Development Company,
216 Mercantile Place,
Los Angeles, California.

Dear Sirs:

Enclosed please find \$12.50 cts. for which please purchase for my account ten acres of government land in the Republic of Panama, suitable for the cultivation of sugar and ——— acres of timber land. I further agree to pay you the sum of \$12.50 per acre for each and every acre so purchased for my account within a period of four years, it being optional with me as to when I shall make payment during the period named, and it is mutually understood and agreed that I shall not be called upon to pay any interest or taxes under this agreement.

Name—Thomas O'Rourke,

Box 51, R. F. D.

Address—San Fernando,

No. 30.”

A. That application for land was returned to the company.

Mr. REGAN.—The power of attorney reads as follows:

(Testimony of Thomas O'Rourke.)

Power of Attorney—July 1, 1911, O'Rourke to de la Guardia.

“Know all men by these presents that I do hereby constitute and appoint Senor Hernan de la Guardia my true and lawful attorney with full power of substitution for me and in my place, name and stead to locate and purchase government land in the Republic of Panama, and to attend to all matters pertaining to same, with all the powers I would possess if personally present.

In witness whereof, I have hereunto set my hand and seal this first day of July, 1911.

THOMAS O'ROURKE. (Seal)

Signed, sealed and delivered in the presence of
_____ (Seal.”

A. That is the power of attorney that I sent back to the company. I paid the company \$58.50, through the mail and \$12.50 in the office, on a further purchase of ten acres of bananas and sixty acres of timber land. I executed a land agreement similar to United States Exhibit 46 and returned the company copy of the land agreement, power of attorney and application for land. I also signed an application for land similar to United States Exhibit 49, which I sent back to the company at the time I made that purchase with \$12.50. I received U. S. Exhibit 151 for identification through the mail.

(The said document is marked United States Exhibit 151, is read in evidence, and the following is a copy thereof:) [553]

(Testimony of Thomas O'Rourke.)

**U. S. Exhibit No. 151—Letter, July 24, 1911, Panama
Dev. Co. to O'Rourke.**

(Letterhead of Panama Development Co.)

Los Angeles, July 24, 1911.

Mr. Thomas O'Rourke,
Box 51, R. F. D.,
San Fernando, Calif.

Dear Sir:—

We are in receipt of your favor of the 21st instant containing remittance of \$15.00. Will forward contract as soon as made out. We thank you very much for this remittance, and assure you that we will make a good selection for you.

We are also in receipt of your favor of the 23rd instant, containing the signed contract. We regret same was not filled in before it was sent cyou, but will fill it in here.

The name and address of the physician you spoke of, is Dr. John G. Lyman, 2068 Hobart Boulevard, Los Angeles.

Again thanking you for the remittance, we beg to be

Yours very truly,
PANAMA DEVELOPMENT COMPANY.
By L. R. SMITH.

S/C.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 151 for Identification.

Q. Did you call at the office of the Panama Development Company?

(Testimony of Thomas O'Rourke.)

A. Yes; I called at the office on the 26th of August, 1911, at Mercantile Place. I saw Mr. Byrd and Mr. Redpath. I had a conversation with Mr. Byrd at that time. The conversation was about Panama Development Company lands in Panama. Mr. Byrd told me I would get the title from the Panam Government after the four years, original title in two years, and full title in four years when the land would be paid for, and he told me the land was situated near the railroad, and he told me the timber land was very valuable. That is about all he said. I did not speak to him for a very long time and then I went into Mr. Redpath's office. Mr. Byrd showed me a map and he indicated to me where the lands were near the railroad from Panama to David.

Q. What did he tell you, if anything about a railroad?

A. He told me the railroad was to be built; the Government had called for bids for a railroad between Panama and David. [554]

Q. Did he say as to whether or not any work had been done on it?

A. I don't remember him saying anything about that. He did not tell me what would be done with those land agreements that I executed.

Q. Did he tell you anything about selling any land to an American Colony down there?

A. No, I don't think so. I remember asking him to have my land as near as possible to the American Colony, but I don't believe he said anything about it. I also had a conversation with Mr. Redpath.

(Testimony of Thomas O'Rourke.)

When I wrote I asked Mr. Redpath to give me \$30.00 for a lot in Arch Beach Heights that I owned and then we agreed to that and he phoned to the Los Angeles Investment Company and got the company's price that they would give for the five shares that I owned at that time and he allowed me for that, and I paid the \$12.50 that was due on the second ten acres, paid the recording fees, and went to the bank and he gave me a check for the balance. I received literature similar to United States Exhibit 45, entitled "The Gateway to Opportunity," and similar to United States Exhibit No. 54, "The Land of Opportunity," also a copy of U. S. Exhibit 55-A. I received that letter through the mail.

(The said letter is marked United States Exhibit 188, is read in evidence and is as follows:)

**U. S. Exhibit No. 188—Letter July 27, 1911, Panama
Dev. Co. to O'Rourke.**

(Letterhead of Panama Development Company.)

Los Angeles, July 27, 1911.

Mr. Thomas O'Rourke,

Route 51, R. F. D.,

San Fernando, Calif.

Dear Sir:—

We are handing you herewith contract covering 60 acres of Timber Land in the Veragua District. Kindly sign and detach duplicates as heretofore, and return to us. [555]

We are also handing you under separate cover a pamphlet recently issued on Timber Lands.

(Testimony of Thomas O'Rourke.)

We think you have made an excellent purchase in this contract, and will aid you in every way possible in proper disposition of same when time comes.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

S/C.

[Endorsed]: 672—Crim. U. S. vs. Lyman. Y. S. Exhibit No. 188. Fld. Nov. 13, 1913. Wm. Van Dyke, Clk. By Robert E. Rinehart.

Q. Did you have any conversation with Mr. Byrd or Mr. Smith in reference to disposing of your timber lands that you bought of him?

A. I did not see Mr. Smith and I don't remember having any conversation on that matter.

Cross-examination.

(By Mr. SCHENCK.)

Q. Did you read those contracts that you signed before you signed them? A. Yes, sir.

Q. Who was it told you that the Panama Development Company owned the land?

A. I understood it from the circular and from Mr. Byrd when I called at the office.

Q. You understood it from the circular?

A. Yes, or from the advertisement I saw in the "Examiner." I remember that I gave a power of attorney with each purchase. I know what I gave the power of attorney for. It was so that they could locate the lands for me and do as I would do if I was there myself.

(Testimony of Thomas O'Rourke.)

Mr. SCHENCK.—I understood you upon your direct examination, in answer to counsel for the Government, as to whether they told you who owned the land, you were referring to a certain conversation, and you said they told you the Panama Development Company owned the land.

A. I understood the Panama Development Company owned the [556] land.

Q. Now, the question is, did you understand it solely from the literature you read, or did you understand it in part from what they told you?

A. From the literature principally. I had very little conversation about that in the office. When I gave this power of attorney to them, they told me that the object and purpose of that was that they might go down there and use my name in locating Government lands. I also understood that they had a man there to locate it for me, to save me trouble of going down there and that is what I gave them the power of attorney for.

Q. You knew it was Government land they were going to locate, didn't you?

A. I understood that the Panama Development Company bought the land from the Government of Panama and were selling it to the people here.

Q. And that if you gave them a power of attorney they could locate land in your name?

A. Yes, and save me the trouble of going down there and locating it for myself. That is what I understood from the papers and the circulars.

(Testimony of Thomas O'Rourke.)

Redirect Examination.

By Mr. REGAN.—Calling your attention to this letter dated July 23, 1911, signed by you, I will ask you whether or not you wrote that letter.

A. Yes, I wrote that letter and mailed it to the Panama Development Company.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit 189.

(The said letter so offered in evidence is marked United States Exhibit 189, read in evidence, and is as follows:) [557]

**U. S. Exhibit No. 189—Letter, July 23, 1911,
O'Rourke to "Secretary."**

"Box 51 R. F. D.

San Fernando, 23rd July, 1911.

Dear Sir:

Recd. agreement in due course which I am now returning, signed as you requested.

You can fill in the details.

I am quite satisfied with the arrangements mentioned therein, and I don't see that I can add anything to it to protect my interests. I am confident that you will give me a 'square deal' and that is as much as anyone can expect.

You might let me have the name and address of the Physician, who returned from Panama lately, after making a large Investment there. Let me have receipt for the \$15 I sent you on last Friday evening as soon as possible.

Yrs. truly,

THOS. O'ROURKE.

The Secretary.

(Testimony of Thomas O'Rourke.)

[Endorsed]: 672—Crim. U. S. vs Lyman. U. S. Exhibit No. 189. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk."

The WITNESS.—I received that letter through the mail.

(The said letter is marked United States Exhibit No. 190, is read in evidence and is as follows:)

U. S. Exhibit No. 190—Letter, July 20, 1911, Panama Dev. Co. to O'Rourke.

(Letterhead Panama Development Company.)

"Los Angeles, July 20, 1911.

Mr. Thomas O'Rourke,
Box 51, R. F. D., #1,
San Fernando, Calif.

Dear Sir:—

We are in receipt of your favor of the 18th instant containing \$12.50 due on first contract, and we have placed same to the credit of your account.

Regarding the Timber land, would say the terms stated in your letter are entirely satisfactory to us, and we would be very glad to take care of your application at once on such an arrangement.

We will send you a receipt to apply on your first contract, and will write you further regarding your letter at a later date.

Thanking you very much for your remittance, we beg to be,

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

S. C.

(Testimony of Thomas O'Rourke.)

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 190. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert Rinehart, Deputy Clerk.

The WITNESS.—I wrote the letter you show me and this Exhibit 190 is the one I received in reply to that letter.

(The said letter is marked United States Exhibit 191 is read in evidence, and is as follows:) [558]

**U. S. Exhibit No. 191—Letter, July 18, 1911,
O'Rourke to "Secretary."**

Box 51, R. F. D.

San Fernando, 18th July, 1911.

Dear Sir:

Very pleased to find by your letter of the 14th inst., that you will allow me to take up timber land in Panama on any terms I may suggest. Having regard to the state of my finances, and after making calculations on the matter, I would suggest that you kindly allow me to take up 60 acres (that is three tracts I understand) by paying 25 cents per acre down, and 10 cents per acre per month, until paid for. That works out nicely as by paying \$15 to start with, leaving \$285 to be paid in sums of \$6 per month, the total being paid in less than 4 yrs. The rule which you will start Augt. 1st, gives a person 60 months or five years to pay in full. If I could pay 50 cents per acre down I would do it but you see, after paying you \$25 on the other two contracts, and having to pay you \$25 more, it leaves my balance pretty slim, *inded*. Besides I have insurance to pay for. Some

time ago I purchased a lot and I also bought shares in an Investment Company which is paying a good dividend. If I had only found you out before investing in *some* many ways, I would have purchased quite a lot more in Panama. You may be certain that in future *I'll* buy all I can from you, after you promised to cultivate and plant the 20 acres for me.

If I can see my way to clear up balance due on this timber land, *I'll* gladly do so at the first opportunity. When do you expect the provisional title for the first 10 ac. I applied for—I suppose you will make arrangements to have it planted as soon as possible out of the proceeds of the 1st crop. *I'll* be able to pay the \$2.50 per acre due within 4 years. Of course I don't know what percentage you retain for work, planting, care, &c. but I would like to know at your convenience. I understand a sugar crop matures in 15 months. Kindly give me details about financial arrangements, &c. Also let me know at once, is the arrangements I have suggested re timber land, satisfactory to you when I hear from you, I'll send application.

Yrs. truly,

THOS. O'ROURKE.

The Secretary.

P. S.—Fearing *Id* forget, I enclose 2nd installment of \$12.50 due by me on 1st contract \$7 in bills & \$2.50 check. Kindly acknowledge by return mail and oblige, T. O'Rourke.

P. S.—No. 2. Kindly apply for the timber land for me where gold has been found.

(Testimony of Frederick Lawrence Anderson.)

[Endorsement]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 191. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Testimony of Frederick Lawrence Anderson, for Plaintiff.

FREDERICK LAWRENCE ANDERSON, called and sworn on behalf of the United States, testified as follows:

My name is Frederick Lawrence Anderson. I live at the Soldiers' Home in Sawtelle. After reading an advertisement in [559] the "Los Angeles Daily Herald," same as U. S. Exhibit 137, I wrote to the Panama Development Company and asked them for information regarding their sale of lands and all the information they could give. I received a multigraphed letter, the same as United States Exhibit 122 and after I received the three-page letter I called at the office of the company at Mercantile Place. I saw Mr. Lynn and I was introduced to the vice-president Mr. Redpath. I had a conversation with Mr. Lynn at that time about the lands. He said the lands were owned by the Panama Government. He also told me that the land bought there in the office, the papers would be sent to Panama and I would get the deed from the Government of Panama. He said there was a million dollar sugar mill already there in Agua Dulce and there was a railroad under construction running from Panama to the city of David, but the work had not progressed

(Testimony of Frederick Lawrence Anderson.)

very far yet; that they had sold 10,000 acres to a colony of Americans in Agua Dulce. He pointed out the locality on the map. I purchased 30 acres in Block 29, and paid down \$50.00 gold. I had a conversation with him regarding the company cultivating the land. He said there was a development company there and would cultivate the land and take so much out according to the contract. I have the contract now in my pocket. This is the land agreement and here is the bill of sale.

Q. The witness has just handed me a document similar to United States Exhibit 46, being a following sheet of that exhibit; the front page of the land agreement a receipt for \$50, and on the face of the land agreement, it is dated the 14th day of July, 1911, naming the Panama Development Company as party of the first part and Frederick L. Anderson the party of the [560] second part, and provides for 20 acres at Coele, 16 of which is sugar land and 4 acres of timber land. That is your signature there, signed L. R. Smith and Frederick L. Anderson, witness E. A. Lynn?

A. Yes, I signed a paper similar to United States Exhibit 121. It was signed by Mr. Smith and myself and witnessed by Mr. Lynn. That is what is called the cultivation agreement. I also signed a power of attorney dated the 14th day of July, 1911, which is part of United States Exhibit 46. Mr. Lynn told me that the papers he kept were to be sent to be filed with the Government in Panama.

Mr. REGAN.—I show you this letter dated 13th

(Testimony of Frederick Lawrence Anderson.)
day of July, 1911. Did you receive that letter?

A. Yes, sir.

(The said letter so offered in evidence is marked United States Exhibit 192, is read in evidence and the following is a copy thereof:)

**U. S. Exhibit No. 192—Letter, July 13, 1911, Panama
Dev. Co. to Anderson.**

(Letterhead of Panama Development Company.)

Los Angeles, July 13, 1911.

Mr. Frederick L. Anderson,

Ward 9, Soldiers' Home, California.

Dear Sir:

Acknowledging your valued favor we beg to enclose herewith a map of Panama, which shows also the district of Agua Dulce, one of the best sugar districts in the country, and where we recently sold a large tract to an American Colony. This town is directly on the line of the new railroad, and close to the tide-water as well, and without a doubt the lands in this particular vicinity will more rapidly enhance in value than those in the back country, and as all lands are the same price, we should advise you to purchase in this particular district.

Within the area marked on the map we will reserve any part of 50 acres for you at \$5.00 per acre, payable \$2.50 down and \$2.50 in four years, with no taxes to pay until one year after final payment is made, and if you desire, you can arrange through us for the cultivation on shares.

We really think this is one of the most desirable purchases that can be made, and should you desire

(Testimony of Frederick Lawrence Anderson.)
further information we shall be glad to advise.

As the price of the lands advances August 1st to \$6.00 per acre, your early application will be necessary to obtain it under the terms now prevailing.

[561]

Very truly yours,
PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH."

[Endorsed]: 672—Crim. U. S. vs. Lyman. Y. S. Exhibit No. 192. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

A. This map I hold in my hand, I received by mail when I wrote to the Panama Development Company in regard to Mr. Farman getting an option on 20 acres of land. After receiving this map I called at the office with Mr. Farman. Mr. Farman deposited \$10 for an option on 20 acres of land, to be located in section 29 alongside of me. At the time I called at the office I saw Mr. Lynn. It was after the receipt of U. S. Exhibit 164 that Mr. Farman and myself made our visit.

Cross-examination.

By Mr. SCHENCK.—How many times did you go to the office?

A. Three times. I never saw the defendant there and I never had any conversation with him. The first thing I saw about the company was the advertisement which I was shown a few moments ago; that was about the 11th of July. I read it over carefully and gave it considerable thought. I went to the office

(Testimony of Frederick Lawrence Anderson.)
and was introduced to Mr. Redpath and Mr. Smith, but I did not have much of a conversation with them. The principal conversation was held with Mr. Lynn. The next time that I went there was about five days afterwards, about the 19th day of July. That trip was with Mr. Farman. At that time I saw Mr. Lynn. I didn't have any conversation with anyone else at that time. The last trip to the office of the company was in the beginning of September. I think at that time I saw Mr. Lynn also. This letter which I identified here a few minutes ago, United States Exhibit 122, I got it before making the first trip. [562] I had written to them before that first trip there. When I read this advertisement, the same as United States Exhibit 137, then I wrote them a letter and then I got back literature similar to United States Exhibit 122.

Q. Did Mr. Lynn say to you on that first trip that the company's agents down in Panama were officials of the government of Panama? A. Yes, sir.

Q. Is that what you meant when you testified here a few moments ago that the company was the agents of the Panamanian Government? A. Yes, sir.

The WITNESS.—I do not think I understand clearly the question you put to me.

Q. Was anything said at that time by him to you, or by you with reference to the Company's being or not being the agents of the Panamanian Government? A. No, sir. Not a word.

Q. You do not mean to tell this court and this jury, do you, that you can remember the exact words used

(Testimony of Frederick Lawrence Anderson.)
by Mr. Lyman or Mr. Smith, or by yourself, in that conversation, do you?

A. Not every word, I could not bring to memory because there were people coming in there at the time that wanted to purchase, or prospective purchasers, and interrupted the conversation several times.

Q. You say he told you that there was a million dollar sugar mill in operation down there?

A. Yes, sir.

Q. Now, didn't you read in Exhibit 137, something about that sugar mill? Didn't you read this paragraph—"The finest [563] citrus fruit lands in the province of Chiriqui, but choice sugar lands can be found in all the provinces, particularly in Cocle, where a large sugar mill is to be erected and the Government to aid this has recently announced the waiving of all duties on sugar machinery for a period of three years." Didn't you read that in the advertisement, in exhibit 137?

A. If it was in there, I read it, certainly.

Q. Are you still positive he told you when you went down there the next day after that, or the same day, or the day after, or such a matter, I say, are you positive now that he told you it was already erected and in operation?

A. I could not say he told me that, but it was under construction, a million dollar mill there. He told me who were connected with the Panamanian Government down in Panama. He said they were Hernan de la Guardia, and another de la Guardia, his father. He said that the young de la Guardia was a great

(Testimony of Frederick Lawrence Anderson.)
agriculturist and that he was a high official of the Panamanian Government.

Q. With reference to the father, did Lynn tell you that the elder de la Guardia would act as agent of this company in Panama?

A. He didn't tell me exactly in what capacity he acted, but he was one of the company. He told me the same concerning the young de la Guardia. He told me the de la Guardia's were connected with this land business. That is all I can tell you about it. It was sufficient for me to know that they belonged to the company—such men of importance as they—and I was satisfied with that and didn't go into details.

Testimony of Michael Werner, for Plaintiff.

MICHAEL WERNER, called on behalf of the United States, having previously been duly sworn testified as follows: [564]

My name is Michael Werner. I live in San Diego. I remember in 1911 seeing an advertisement in the San Diego papers in reference to the Panama Development Company. I wrote to the Panama Development Company and received a letter in reply, with some literature.

Q. I believe you had not been able to find the original reply you received to your letter?

A. I have made an effort to find it, but I have not found the original of it. It was either lost or destroyed.

(The copy of said letter so identified is marked United States Exhibit 194 is read in evidence, and is as follows:)

**U. S. Exhibit No. 194, Letter, May 23, 1911, Panama
Dev. Co. to Werner.**

“May 23, 1911.

Mr. Michael Werner,
1208 C Street,
San Diego, Cal.

Dear Sir:—

We have your favor of the 22d instant, and complying with your request, we take pleasure in handing you herewith descriptive papers relative to the Government lands in Panama. These lands have only been opened to the Americans to purchase for a very short time, and we have no doubt but what they will be taken up very rapidly, and if you desire to consider the matter, we would strongly advise that you fill out the enclosed application blank and forward it to us with the proper remittance at your earliest convenience.

Any information that you may desire on the subject which is not clearly stated in the literature, will be cheerfully furnished. We trust that you will avail yourself of the opportunity of the land while it is still open.

Yours very truly,
PANAMA DEVELOPMENT COMPANY.

By _____.

S/C.

Enc.

[Endorsed]: 672—Crim. U. S. vs. Lyman, U. S. Exhibit No. 194. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

(Testimony of Michael Werner.)

A. Upon receipt of the first letter I again wrote the company.

Q. And I show you this letter and ask you whether or not you received that in reply?

A. Yes, sir. I received that letter through the mail.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit No. 195. [565]

(The said letter so offered in evidence is marked United States Exhibit No. 195, is read in evidence and is as follows:)

**U. S. Exhibit No. 195—Letter, May 27, 1911, Panama
Dev. Co. to Werner.**

(Letterhead of Panama Development Company.)

Los Angeles, May 27, 1911.

Mr. Michael Werner,
1208 C Street,
San Diego, Calif.

Dear Sir:—

Referring to your favor of May 25th, we take pleasure in advising you that a truck farm near the City of Panama would be very profitable at present, but it would hardly be a good venture near David until the railroad is completed.

We have a very complete map of the Republic and the Province of Chiriqui in our office; this map having been made by the Chief of Staff of the War Department in Washington. We do not have, however, any smaller ones at present. There is a very interesting article in the April issue of the "Pan-

(Testimony of Michael Werner.)

American Union” regarding the Chiriqui District, and it has several views of different places.

This district is indeed very rich, the most fertile soil in the world, being a rich, black loam, twenty feet deep, and we sincerely believe that if you decide to take up twenty acres as you suggest, it will increase in value within the next few years far in excess of your expectations.

The land is all the same price,—\$2.50 down and \$2.50 in four years,—no interest or taxes, but the first application will of course get the best land, so we trust you will not delay.

We will allow you 10% commission on any business you may send us from amongst your friends.

We are enclosing an application form with a request that you fill same out and send to us with proper remittance at your earliest convenience.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

S/C.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 195. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Mr. REGAN.—Did you afterwards receive this letter which is addressed to you, through the mail?

A. Yes, sir.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit No. 196.

(Testimony of Michael Werner.)

(The said letter so offered in evidence is marked United States Exhibit 196, is read in evidence and the following is a copy thereof:) [566]

**U. S. Exhibit No. 196—Letter, June 1, 1911, Panama
Dev. Co. to Werner.**

(Letterhead of Panama Development Company.)

Los Angeles, June 1, 1911.

Mr. Michael Werner,
1208 C Street,
San Diego, California.

Dear Sir:—

We are in receipt of your two favors of the 28th ultimo containing two checks for \$25.00 each, and we are preparing contracts as per your instructions and will forward same to you tomorrow.

Regarding the information asked in your letters, will say that one of the officers of this company will be in San Diego some time next week, and will be very glad to confer with you on the subject of an agency.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

S/C.

By L. R. SMITH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 196. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

A. Prior to receiving that letter I sent them two checks for \$25.00 each.

Q. I show you this letter dated June 3, 1911, addressed to you, and ask you whether you received that letter?

(Testimony of Michael Werner.)

A. Yes, sir; I received it through the mail.

Mr. REGAN.—I now offer the same in evidence and ask that it be marked United States Exhibit No. 197.

(The said letter so offered in evidence is marked United States Exhibit 197, is read in evidence and is as follows:)

**U. S. Exhibit No. 197—Letter, June 3, 1911, Panama
Dev. Co. to Werner.**

(Letterhead of Panama Development Company.)

Los Angeles, June 3, 1911.

Mr. Michael Werner,
1208 C Street,
San Diego, California.

Dear Sir:—

We take pleasure in handing you herewith land Agreement duly signed and sealed, covering ten (10) acres of land suitable for the raising of Vegetables, in the Province of Cocle, Republic of Panama; also a receipt for \$25.00. We would ask that you sign duplicate agreement and Power of Attorney, detach same where perforated, and return to us at your earliest convenience. The two sheets to be detached are marked with a cross.

We congratulate you upon your purchase, and assure you that we will use every effort possible to get a superior location, and we trust that you will enjoy the best returns from same. [567] We offer you our services at any time you may decide to improve property, and will always use our very best efforts in your behalf.

(Testimony of Michael Werner.)

We have placed to your credit the amount of \$2.50, which you may use in subsequent purchases.

Thanking you for having considered this agency in making the purchase, and soliciting a continuance of your valued business, we beg to be

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

S/C.

By L. R. SMITH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 197. Fld. Nov. 13, 1913. Wm. M. Van Dyke Clk. By Robert E. Rinehart, Deputy Clerk.

A. At that time I received a land agreement from the company. One for myself and one for my brother.

Q. And those land agreements which I show you are the same as United States Exhibit 46 and consist, the first page, of the land agreement, the second page, a land agreement, an application for land, the same as United States Exhibit 149, and a power of attorney, the same as part of the exhibit 46; it is dated the 31st day of May, 1911, signed Panama Development Company, by John Redpath, vice-president, Michael Werner. That is your signature, is it?

A. Yes, sir. This land agreement and application for land and the power of atty. signed by me were returned to the company.

Mr. REGAN.—The application for land is the same as United States Exhibit 49 and reads:

(Testimony of Michael Werner.)

Application of Werner for Land.

“Application for Land.

No. 2.

PANAMA DEVELOPMENT COMPANY.

216 Mercantile Place.

Los Angeles, California.

Dear Sirs:

Enclosed please find \$25.00, for which please purchase for my account 10 acres of government land in the Republic of Panama, suitable for the cultivation of vegetables, and ——— acres of timber land.

I further agree to pay you the sum of \$2.50 per acre and each and every acre so purchased for my account within a period of four years, it being optional with me as to when I shall make payment during the period named, and it is mutually understood and agreed that I shall not be called upon to pay any interest or taxes under this agreement.

(Name) MICHAEL WERNER.

(Address) #1208 C Street,
San Diego, Cal.” [568]

A. I received a similar contract made out in the name of my brother and returned to the company papers similar to the ones I returned in reference to my own contract I paid for my brother’s land. I received that letter through the mail.

(The said letter so identified is marked United States Exhibit No. 198:)

**U. S. Exhibit No. 198—Letter, June 3, 1911, Panama
Dev. Co. to Werner.**

(Letterhead of Panama Development Company.)

Los Angeles, June 3, 1911.

Mr. Michael Werner,
1208 "C" Street,
San Diego, California.

Dear Sir: *C.*

Complying with your request of a few days past, we take pleasure in handing you herewith two maps, one of the Republic of Panama, and one showing the land open in Agua Dulce, Province of Cocle. The sold portions of this section are marked.

If you will send us your application at once, we will be able to locate you on any of the unsold tracts of land, and if you consider purchasing sugar land, we would strongly advise you not to delay, as you can at present obtain land on the new railroad and close to the town and harbor.

While these lands are all one price, it is reasonably certain that those located adjacent to the town and where there are American colonies, will more rapidly advance in value than those a long distance inland. If you purchase immediately, we will be able to place you in a very fine location.

Kindly be good enough to fill out the enclosed application blank and forward to us, together with proper remittance, at your earliest convenience.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

(Testimony of Michael Werner.)

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 198. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

A. With that letter I received a map similar to United States Exhibit 58, and also a map similar to United States Exhibit 56. I wrote and mailed that letter to the Panama Development Company.

(Said — is marked U. S. Ex. 199, and reads as follows:)

U. S. Exhibit No. 199—Letter, July 10, 1911, Werner to Panama Dev. Co.

“San Diego, Cal., July 10th, 1911.

Panama Development Co.,

Los Angeles, Cal.

Dear Sir:—

Troubles in my family makes it necessary to give back your agreement for me and *mine* brother's \$25.00 acre tracts in Cocle, Panama. Will you kindly settle up and take back the provisional selling of this land and send me the money (\$50.00) as soon as possible?

Respectfully yours,

MICHAEL WERNER. [569]

#1208-C Street,

San Diego, Cal.

NB.—I need awful the \$50.00.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 199. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

(Testimony of Michael Werner.)

The WITNESS.—I received letter dated July 11, 1911, in reply, through the mail.

(The said letter so offered in evidence is marked United States Exhibit No. 200, is read in evidence and the following is a copy thereof:)

U. S. Exhibit No. 200—Letter, July 11, 1911, Panama Dev. Co. to Werner.

(Letterhead of Panama Development Company.)

“Los Angeles, July 11, 1911.

Mr. Michael Werner,
1208-C Street,
San Diego, California.

Dear Sir:

Replying to your letter of the 10th instant, we beg to state that your application for Panama Government lands has been duly forwarded to Panama, and as the Provisional Title will be registered in your name, it will be necessary for you to receive same and endorse over to the purchaser before we can do anything with it.

As soon as it is received, we will take the matter up for you.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

McD.

By L. R. SMITH.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 200. Fld. Nov. 13, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Cross-examination.

(By Mr. SCHENCK.)

The WITNESS.—I wrote about seven letters to

(Testimony of Michael Werner.)

the company. I was trying to be the agent for the Panama Development Company in San Diego and made an investigation of the land in Panama.

Q. Where did you investigate?

A. In Panama, by the Government.

Q. That is, before you tried to get the agency?

A. About the same time. I had some correspondence with the Panamanian Government and also had some correspondence with the Canal Commission of the United States.

Q. In one of those letters that you have identified here, [570] they told you about the April issue of the Pan-American Magazine?

A. I wrote to them, too. I wrote to Washington about that magazine as I was looking in all the stores in San Diego, but I couldn't find it. So I wrote to Washington. I was trying to find out how and where land could be gotten and what it was good for. I read all the letters and circulars that were sent to me. I wrote letters to the Panama Commission, but did not write to the Government of Panama. I did not make any other investigation to find out whether the things I had been told were true or not. I wrote to Germany to a book store to get some information about Chiriqui in Panama and they sent me a description of the province. I got one of the magazines from Washington and then I wrote here to the Panama Development Company and asked them for the address where I could send and get it and they wrote back and told me where to get them. I also wrote to Mr. John Barrett, the Editor of the Pan-

(Testimony of Robert J. Nelson.)

American Magazines. The Canal Commission also sent me a monthly statement. I went up to the Public Library to see where I could get books on Panama, I found them and read them. I had an arrangement with the Panama Development Company where I should get 10 per cent commission on every one that I should succeed in selling.

Testimony of Robert J. Nelson, for Plaintiff.

ROBERT J. NELSON, called and sworn as a witness on behalf of the United States, testified as follows:

Direct Examination.

By Mr. REGAN.—I reside at Riverside, and was a partner in the real estate business with Mr. F. T. Morrison, in that city, in 1911. In pursuance of a letter and telegram I received from Dr. Lyman, I wrote U. S. Exhibit 150 for Identification and signed Mr. Morrison's name. U. S. Exhibit 152 is a copy of the telegram I received, prior to the letter, and this was followed by the letter U. S. Exhibit 153. [571]

Testimony of Harold W. Tuttle, for Plaintiff.

HAROLD W. TUTTLE, called and sworn as a witness on behalf of the United States, testified as follows:

Direct Examination.

I was a salesman for the Howard Auto Company in Los Angeles, in 1911, and met the defendant. He came into the office about the middle of June of that year and spoke to Mr. Howard about a certain car. I later got into communication with him and met him several times. The first time he came in I showed

(Testimony of Harold W. Tuttle.)

him a car and discussed its different features. In the meantime Mrs. Lyman came in and made a definite appointment to take Mr. Lyman out at 3:30 on the following day. I called up Mr. Lyman and the demonstration was all right at that time and later on Mrs. Lyman came in and asked that it be postponed until the next day so I did and later on met them at the office of the Panama Development Company and took Mr. and Mrs. Lyman to some ranch and a contract purchase was afterwards drawn for the car.

Cross-examination.

The contract was signed Panama Development Company by Mr. Redpath, Vice-president. All my dealings in demonstrating the car and showing the car and equipping the car were with Mr. Lyman, but the contract was finally signed by Mr. Redpath, and all documents, notes and instruments pertaining to the transaction were signed in the name of the Panama Development Company by John Redpath, Vice-president.

Redirect Examination.

The deal was finally closed in the office in the building on sixth and Hill Street. [572]

Testimony of Joseph O. Seepie, for Plaintiff.

JOSEPH O. SEEPLE, called and sworn as a witness on behalf of the Government, testified as follows:

Direct Examination.

I met the defendant in 1911; he asked me if I wanted to go to work for him in the capacity of

(Testimony of Joseph O. Seepie.)

chauffeur, and I accepted the position. He did not ask me if I wanted to go to work for the Panama Development Company. I remained in his employ until he was arrested in San Francisco. I received instructions from Mr. Lyman and also Mrs. Lyman, but no one else. Before he went to San Francisco, he told me he was thinking of going up there on business, and told me to ship both cars on the boat and that I should meet him in San Francisco. He told me to meet him at the Union Square Hotel and to inquire for Mr. Linsey. I shipped the machines and upon arrival at San Francisco went to the Union Square Hotel and inquired for Mr. Linsey and the defendant responded. I stopped at the Union Square Hotel and Mr. Lyman paid my bill. My salary was \$25.00 a week and expenses paid, by check of the Panama Development Company.

Testimony of Louis P. Dunkley, for Plaintiff.

LOUIS P. DUNKLEY, called and sworn as a witness on behalf of the Government, testified as follows:

Direct Examination.

I am an attorney at law, residing in San Francisco. In 1911 I had a conversation with the defendant in the jail at San Francisco. I went to the United States Marshal's office in the Postoffice Building in San Francisco, to serve Lyman with process in a suit which I had commenced for the recovery of an automobile and was directed to the Marshal's office where [573] Mr. Lyman was in custody, and saw a man and asked him if his name was John Grant Lyman

(Testimony of Louis P. Dunkley.)

and he told me yes. I told him I had papers for him and drew from my pocket a summons and complaint in the replevin suit and handed them to him. He read them, and I said, "Are you Lyman?" He said, "Yes, but I have no connection with the Panama Development Company. I am not an officer of that concern." I said, "That makes no difference to me; you are one of the defendants with the Panama Development Company, and you have this automobile and I have taken it and I want to serve you."

Cross-examination.

He didn't tell me that he did not own the automobile. He said he was not an officer and that he had no connection with the Panama Development Company.

I was Mr. Redpath's personal attorney, but I don't think I was Lynn's. I attached Dr. Lyman's watch on behalf of Lynn, but I didn't think he acted in good faith and I released the attachment. I met Redpath for the first time the day he came into my office. I was also Mr. Haldeman's attorney. I had five or six more clients in the transaction. I was representing persons seeking redress against the Panama Development Company, and also the Vice-President, employees and salesmen of that company as persons, but not as officers of the company. I did not go into the corporation's office and assist in bringing over the books and papers. Mr. Redpath delivered them to me. It was done on my suggestion. I did it to protect Mr. Redpath personally. I did not suggest that he go to Dr. Lyman's private

(Testimony of Louis P. Dunkley.)

office and bring everything and this is the first time I ever heard that he was there. They brought a large box full of stuff to my office, and besides that loose papers, card indexes, and so on. We hired an automobile and made a number of trips. I examined such papers as I thought necessary to examine. I didn't [574] go through all the correspondence. I delivered everything to Postoffice Inspectors Gray and Webster with the exception of some stock certificates. I didn't find among those papers a note for \$10,000 nor a mortgage for \$5,000 from the Basin Oil Company. I found a mortgage that J. Miller Cloman gave to Mr. Lyman's sister of his wife.

Testimony of Howard E. Reach, for Plaintiff.

HOWARD E. REACH, called on behalf of the United States, having been first duly sworn, testified as follows:

My name is Howard E. Reach. My occupation is that of attorney at law. I was a practicing attorney in 1911, and at that time Mr. Frank Pratt, now deceased, was my partner. I remember Mr. Pratt and Mr. Redpath bringing some papers and documents to my office in September, 1911.

Q. I show you these papers entitled "Panama Development Company Land Agreement," similar to one of the sheets in United States Exhibit 46, and I will ask you whether or not those were the papers that were brought by Mr. Pratt and Mr. Reach from the defendant's office?

A. Yes, and at that time I examined them.

(Testimony of Howard E. Reach.)

Q. And afterward you turned them over to Mr. Gray, the Postoffice Inspector?

A. I did, the evening following.

Q. Now, I show you some papers headed "Power of Attorney," which are similar to the sheet of the Power of Attorney, which appears in United States Exhibit 46, and I will ask you whether or not these were included in the papers which Mr. Pratt and Mr. Redpath brought to you?

A. Yes, sir, and I examined those papers at that time and afterwards I turned them over to Mr. Gray and Mr. Webster. Mr. Pratt and Mr. Redpath at the same time brought over other documents [575] and papers and I turned all those over to Mr. Gray and Mr. Webster. *Webster.*

Q. Did you go to San Francisco in reference to an automobile transaction?

A. Yes, sir, I did, and while there I had a transaction with the Howard Automobile Company.

Q. And what did you do in the transaction?

Mr. SCHENCK.—Objected to as hearsay.

The objection was overruled.

Mr. REGAN.—State what you did.

A. I purchased the automobile for the Senogram Press and paid \$872.00 for it. I made the check payable to Mr. Schaertzer, the attorney for the Howard Automobile Company.

Cross-examination.

(By Mr. SCHENCK.)

Q. You paid out \$872 in order to protect the Senogram Press, did you? A. I did.

(Testimony of Howard E. Reach.)

Q. As a matter of fact, you were Redpath's personal attorney?

A. I was. I don't think I was Mr. Lynn's attorney.

Q. As a matter of fact, did you not attach Dr. Lyman's watch on behalf of Lynn?

A. Yes, sir. I met Mr. Redpath the day he came into my office, for the first time. We have not been friends for a number of years. I was also Mr. Haldeman's attorney.

Q. Anybody else connected with the Panama Development Company for whom you were attorney—in connection with the entire outfit, how many other people were there that you were acting as attorney for besides Redpath and Lynn and Haldeman?
[576]

A. I had five or six more clients. Mr. Redpath and I finally did get in connection and balanced up the bank-book and he gave me a check for the balance, something like \$299.00. I don't think I received it personally. Mr. Pratt received it.

Q. And were you at one time, and at the same time, representing the persons seeking redress against the Panama Development Company and at the same time representing the vice-president and some of its employees and salesmen, etc.?

A. As persons, but not as officers of the company.

Q. Did you go to the corporation's office and help bring over the books and documents and papers?

A. No, sir. Mr. Redpath delivered them to me.

Q. Did you, before going over there, have a con-

(Testimony of Howard E. Reach.)

sultation with Mr. Redpath about taking everything in sight? A. Yes; it was done on my suggestion.

Q. And you did not go on the expedition?

A. I did not.

Q. Was it upon your suggestion that every document, paper, book and writing of every kind, should be removed from that office without any writ of possession or order or any other thing whatever or a *subpoena duces tecum*?

A. Mr. Redpath had advised me to do so and I requested him to bring them up there so I could go through the affairs.

Q. Then you were dealing with him as its vice-president?

A. No, sir; I was protecting Mr. Redpath personally.

Q. Your testimony is that you were not dealing with him as vice-president of the company?

A. No, sir.

Q. Then by what authority did you authorize him to go and get every scrap of paper, book, or anything else, without a writ [577] or process, or *subpoena duces tecum*?

A. I suggested to Mr. Redpath to bring the papers down, and he did so.

Q. Did you also suggest that he go to Dr. Lyman's private office in the Consolidated Realty Building, and bring everything?

A. I never suggested that. Mr. Pratt never suggested it in my presence.

Q. How much stuff did they bring to your office?

(Testimony of Howard E. Reach.)

A. It was a large box full, and besides that, loose papers, card indexes, and so on. We hired an automobile and made a number of trips. I examined such papers as I thought necessary to examine. I didn't go through all the correspondence. I delivered everything to Postoffice Inspectors Gray and Webster, with the exception of some stock certificates. I didn't find among those papers a note for \$10,000. There were some notes there. I found a mortgage later that J. Miller Cloman gave to Mr. Lyman's sister of his wife.

Q. You didn't find one from the Basin Oil Company secured by certificates of stock?

A. I don't remember whether I found anything else. I gave all the papers to Mr. Regan except the stock-book. I did not give him the stock-book because I had it somewhere else and forgot it. I don't remember whether I delivered the cash-book or not. I simply had the papers there in a box and delivered the box. I am quite sure I saw a ledger and a journal there. I was not much interested in the ledger and journal. I was interested in the agreements. I represented only the people who dealt with the Panama Development Company.

Q. Name them.

A. Leach, Lowe, Lockeday, Haldeman, O'Rourke and a [578] number of others that I don't remember now. I knew that Mr. Lynn and Mr. Redpath were employees of the company.

Q. You made the remark in your testimony this morning that you knew Mr. Redpath had the author-

(Testimony of Howard E. Reach.)

ity to go and get the papers; what do you mean by that?

A. He was vice-president of the company. I asked him to bring every paper pertaining to the Panama Development Company to my office.

Q. By virtue of his authority as vice-president?

A. I did not ask for any authority. I simply advised him as attorney and client. I wanted to protect Mr. Redpath, and the only protection was by looking into the papers. I have no feeling whatever against Mr. Lyman, nor any interest in the outcome of this case. I have visited the defendant in jail two or three times at his request.

Q. Did you say anything to him about pleading guilty?

A. Yes, sir. He sent for me. I had a client in jail and Mr. Lyman, according to my understanding, asked for me and I went over there and stated to him that I could not under any circumstances represent him, as I had turned over the evidence to Mr. Regan. Lyman said under the circumstances he thought I would know more about the case than anybody else. I told Lyman as far as I knew, about the evidence, the easiest way for him would be to plead guilty.

Q. Didn't you tell him you would work up the case against him?

A. I did not. I said that I had turned over the evidence to the District Attorney. I recommended to him that he should plead guilty. I told him it would be better. I did not tell him that I was an emissary from Mr. Regan's office. I was admitted

(Testimony of Howard E. Reach.)

[579] to practice about two years ago. Prior to that I was with the Pinkerton people. I was a Pinkerton detective for two years.

Redirect Examination.

(By Mr. REGAN.)

Q. When you were shown this package of land agreements and applications—the land agreements which are part or similar to a part of United States Exhibit 46, to which are attached the application for land, similar to United States Exhibit 49, and you stated that among them were the land agreements of Lowe and Loveday and Haldeman and Leach, you were referring to the time at which you examined them, and not the present condition?

A. Yes, sir. And the same is true with reference to the Powers of Attorney which Redpath brought over to me.

Mr. REGAN.—I now offer in evidence the land agreements just identified by the witness. They consist of what has been called the second sheet of the land agreement of United States Exhibit 46, together with the executed applications for land, United States Exhibit 49. The land agreements and applications for land included in United States Exhibit 203 are numbered in the upper right-hand corner from one to 176, with the exception of numbers 2, 77, 82, 85 to 89, inclusive, all of the documents being executed and signed. Now, it is understood that the record may show the date of the execution, the amount and character of the land, and signatures to these land agreements included in

(Testimony of Howard E. Reach.)

United States Exhibit 203. Is that satisfactory?

Mr. SCHENCK.—That is satisfactory to me. In other words that is tantamount to saying that the reporter can copy in a synopsis? I have no objection to his copying this synopsis.

(The following synopsis, entitled “Land Agreements,” [580] states the number, date, amount and character of land, signatures and by whom witnessed, in the several land agreements included in Exhibit Number 203. The abbreviation Pan. Dev. Co. appearing in the list of signature is intended to represent the words “Panama Development Company,” as the same appear in the said land agreements, and are abbreviated for convenience in writing the same in this list. The letters “V-P” represent the word “Vice-President,” and are also written in abbreviated form for convenience.)

LAND AGREEMENTS.

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
1	5-23-11	10 Acr. Sugar	Panama Dev. Co. By L. R. Smith, Sec.	N. E. Clark
4	6- 2-11	40 " Sugar	Wm. Scholling, Panama Dev. Co.	L. R. Smith
		10 " Timber	By John Redpath, V-P.	
5	6- 5-11	100 " Sugar	& Britta M. G. Stott, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
6	8-18-11	100 " Sugar	Oscar Lawden, Pan. Dev. Co. By John Redpath, V-P.	E. A. Lynn
7	6- 6-11	20 " Sugar	R. W. Graybell, Pan. Dev. Co.	E. A. Lynn
		5 " Timber	By L. R. Smith, Sec.	
8	6- 6-11	10 " Sugar	Henry J. Sauerland, Pan. Dev. Co. By John Redpath, V-P.	L. R. Smith
9	6- 7-11	10 " Sugar	Wm. Scholling, Pan. Dev. Co. By John Redpath, V-P.	L. R. Smith
11	6- 9-11	10 Acr. Sugar	George Harlan, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
12	6- 9-11	20 " Sugar	Mary M. Brown, Pan. Dev. Co. By L. R. Smith, Sec.	E. A. Lynn
			Carl A. Miller,	
[581]				
14	6-10-11	10 Acr. Sugar	Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
15	6-10-11	100 " Sugar	Emil Girard, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
16	7-18-11	80 " Sugar	D. H. Murphy, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
			Marie Louise Scott,	

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
17	6-12-11	20 Acr. Sugar	Pan. Dev. Co. By John Redpath, V-P. Louise V. Maedonald,	G. M. Byrd
18	6-19-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Eugene Adams,	L. R. Smith
19	6-19-11	80 " Sugar 20 " Timber	Pan. Dev. Co. By John Redpath, V-P. D. D. Miller,	L. R. Smith
20	6-19-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. C. H. Wolfe,	Rose Wolfe
21	6-21-11	16 " Sugar 4 " Timber	Pan. Dev. Co. By John Redpath, V-P. Arthur Burns,	E. A. Lynn
22	6-24-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Walter A. Engelke,	L. R. Smith
24	6-24-11	40 " Sugar 10 " Timber	Pan. Dev. Co. By John Redpath, V-P. W. W. Hamilton,	L. R. Smith
26	6-26-11	1040 " Agrieultural	Pan. Dev. Co. By John Redpath, V-P. Mrs. F. Neuman,	L. R. Smith G. Neuman
27	6-28-11	160 " Timber	Pan. Dev. Co. By John Redpath, V-P. Mrs. Lea Sands,	L. R. Smith
28	6-29-11	40 " Sugar 10 " Timber	Pan. Dev. Co. By John Redpath, V-P. Madeleine Paul, By B. H. Paul, Her Attorney in fact.	(None)
29	6-29-11	40 Acres Sugar 10 " Timber	Pan. Dev. Co. By John Redpath, V-P. Mrs. A. L. Tilton,	L. R. Smith
[582]				
31	7- 3-11	100 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. Chas. O. Kelsey,	G. L. Maynard

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
32	7- 1-11	40 Acr. Sugar	Pan. Dev. Co.	L. R. Smith
		10 " Timber	By John Redpath, V-P.	
33	7- 3-11	20 " Sugar	Dan B. Schenck, Pan. Dev. Co.	L. R. Smith
			By John Redpath, V-P.	
34	7- 5-11	100 " Sugar	E. H. Durkee, Pan. Dev. Co.	E. A. Lynn
			By John Redpath, V-P.	
35	6-27-11	20 " Sugar	Jas. A. Lake, Pan. Dev. Co.	L. R. Smith
		5 " Timber	By John Redpath, V-P.	
36	6-30-11	40 " Sugar	W. J. Wallace, Pan. Dev. Co.	(None)
		10 " Timber	By John Redpath, V-P.	
37	7-22-11	20 " Sugar	Eugenia D. Porter, Pan. Dev. Co.	E. A. Lynn
			By John Redpath, V-P.	
38	7- 3-11	20 " Cocoanuts	Ewald Bahre, Pan. Dev. Co.	G. L. Maynard
			By John Redpath, V-P.	
39	7-22-11	100 " Sugar	Marie Louise Scott, Pan. Dev. Co.	G. L. Maynard
			By John Redpath, V-P.	
40	7- 6-11	80 " Sugar	W. H. Bentley, Pan. Dev. Co.	G. M. Byrd
			By John Redpath, V-P.	
41	6-27-11	50 " Sugar	Samuel H. Pethick, Pan. Dev. Co.	(None)
			By John Redpath, Charles F. M. Poppe,	(None)
42	6-30-11	40 " Sugar	Pan. Dev. Co.	
		10 " Timber	By John Redpath, V-P.	
44	7- 6-11	20 " Sugar	B. Tilton, By Annice L. Tilton, Pan. Dev. Co.	L. R. Smith
			By John Redpath, V-P.	
45	7-10-11	60 " Sugar	M. V. Boltenstern, Pan. Dev. Co.	G. M. Byrd
		20 " Oranges	By John Redpath,	
		20 " Timber	V-P.	
			Chris H. Hesse,	

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
46	7-12-11	16 Acres Sugar	Pan. Dev. Co.	E. A. Lynn
		4 " Timber	By John Redpath, V-P.	
			Irene Lipp, Emma Andreen, Pan. Dev. Co.	G. L. Maynard
47	7-12-11	50 " Sugar	By John Redpath, V-P.	
		50 " Timber	E. H. Sleeper, Pan. Dev. Co.	G. M. Byrd
48	7-12-11	30 " Sugar	By John Redpath, V-P.	
			Raymond Paul Smith,	
4				
49	7-14-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
			Paul C. Boyd, Pan. Dev. Co.	G. M. Byrd
51	7-14-11	10 " Sugar	By John Redpath, V-P.	
			Ernest Boyd, Pan. Dev. Co.	L. R. Smith
52	7-14-11	10 " Sugar	By John Redpath, V-P.	
			Geo. A. Walker, Pan. Dev. Co.	G. L. Maynard
56	7-14-11	100 " Sugar	By John Redpath, V-P.	
			Frank T. Pomeroy, Pan. Dev. Co.	E. A. Lynn
57	7-17-11	20 " Sugar	By John Redpath, V-P.	
			Patrick Conlon, Pan. Dev. Co.	G. M. Byrd
58	6-29-11	40 " Sugar	By John Redpath, V-P.	
		10 " Timber	W. H. Penrose, Pan. Dev. Co.	G. M. Byrd
59	7-12-11	100 " Sugar	By John Redpath, V-P.	
			Elsie H. Freeman, Pan. Dev. Co.	G. M. Byrd
61	7-14-11	100 " Sugar	By John Redpath, V-P.	
			Louis G. Brodbeck, Pan. Dev. Co.	L. R. Smith
60	7-12-11	20 " Sugar	By John Redpath, V-P.	
			Joseph E. Niargarder, James A. Gordon,	

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
62	7-14-11	20 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. Albert E. Lake,	L. R. Smith
63	7-14-11	40 " Sugar	Pan. Dev. Co. By John Redpath, V-P. M. V. Boltonstern,	G. M. Byrd
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64	7-17-11	10 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
65	7-26-11	30 " Sugar	Benjamin Boyce, Pan. Dev. Co. By John Redpath, V-P.	I. M. Macdonald
66	7-18-11	100 " Sugar	William Walter, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
67	7-12-11	15 " Sugar	Richard P. Yoekisch, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
69	7-12-11	30 Acres Sugar	Gladys E. Kloninger, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
70	7-12-11	10 " Sugar	Phil Kloninger, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
71	7-14-11	40 " Oranges	Della D. Peffly, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
72	7-18-11	50 " Sugar	Mrs. Ida R. Bell, Pan. Dev. Co. By John Redpath, V-P.	E. A. Lynn
73	7-21-11	100 " Sugar	A. O. Cullen, Pan. Dev. Co. ³ By John Redpath, V-P.	E. A. Lynn
74	6-29-11	40 " Sugar 10 " Timber	J. H. Birch, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
75	7-12-11	60 " Sugar	Jeane Hoube, Pan. Dev. Co. By John Redpath, V-P. Chas. Kloninger,	L. R. Smith

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
76	7-22-11	80 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
78	7-22-11	50 " Sugar	M. Von Boltenstern, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
79	7-22-11	20 " Sugar	H. A. Gallienne, Pan. Dev. Co. By John Redpath, V-P.	(None)
80	7-22-11	20 " Sugar	W. H. Gallienne, Pan. Dev. Co. By John Redpath, V-P. Albert E. Lake,	G. L. Maynard
[585]				
81	7-22-11	20 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
83	7-22-11	20 " - Sugar	Geo. Lake, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
84	7-18-11	200 " Sugar 100 " Timber	P. C. Wallbridge, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
90	7-22-11	100 " Sugar	Hyacinth Amiel, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
91	7-24-11	80 " Sugar 20 " Timber	Frank A. Marek, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
92	7-24-11	10 " Sugar	Wm. Coleman, Pan. Dev. Co. By John Redpath, V-P.	E. A. Lynn
93	7-24-11	100 " Sugar	Emma Andreen, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
94	7-24-11	100 " Sugar	Chauncey M. DeVore, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
95	7-24-11	80 " Sugar	John R. Rolland, Pan. Dev. Co. By John Redpath, V-P. Mrs. Lea Sands,	G. L. Maynard

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
96	7-19-11	20 Acres Sugar — Bananas	Pan. Dev. Co. By John Redpath, V-P. William R. Miller, Pan. Dev. Co. By John Redpath, V-P.	J. E. Ryan E. A. Lynn
97	7-25-11	10 " Sugar	Mrs. Mary E. Lose, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
98	7-25-11	10 " Sugar	R. M. Sanders, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
99	7-25-11	500 Acres Sugar	G. Russel Smith, Theodora A. W. Smith, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
100	7-25-11	20 " Sugar	Josephine E. Weaver, Pan. Dev. Co. By John Redpath, V-P.	E. A. Lynn
101	7-26-11	10 " Sugar	Geo. Eddy, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
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102	7-27-11	40 Acres Sugar	Patrick Hennessy, Pan. Dev. Co. By John Redpath, V-P.	J. E. Ryan
104	7-27-11	10 " Sugar	George Davis, Pan. Dev. Co. By John Redpath, V-P.	R. C. Pentland
105	7-17-11	100 " Sugar	Henry Winters, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
106	7-25-11	10 " Sugar	Mrs. A. C. Forecht, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
107	7-26-11	40 " Sugar	Agnes Matasky, Pan. Dev. Co. By John Redpath, V-P.	G. M. Byrd
108	7-26-11	40 " Sugar	Mary Matasky, Pan. Dev. Co. By John Redpath, V-P.	N. E. Clark
109	7-26-11	10 " Sugar Bananas	John Smithmeier, Pan. Dev. Co. By John Redpath, V-P.	G. L. Maynard
110	7-26-11	0200 " Sugar	Chauncy M. D. De Vore,	

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
111	7-27-11	100 Acres Timber	Pan. Dev. Co. By L. R. Smith, Sec. Chancy M. De vore,	G. L. Maynard
113	7-28-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Wm. Terrell,	G. M. Byrd
114	7-29-11	50 " Sugar	Pan. Dev. Co. By L. R. Smith, Sec. Mary B. Collins,	G. M. Byrd
115	7-29-11	40 " Sugar	Pan. Dev. Co. By L. R. Smith, Sec. Paul Fike,	E. A. Lynn
116	7-25-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Joel D. Cronk,	G. L. Maynard
118	7-26-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. P. F. Gallienne,	(None)
119	7-26-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. S. L. Dryden,	G. L. Maynard
120	7-27-11	25 " Timber	Pan. Dev. Co. By John Redpath, V-P. Joel D. Cronk,	G. L. Maynard
[587]				
121	7-28-11	50 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. Thomas Kinard,	G. M. Byrd
122	7-29-11	10 " Sugar	Pan. Dev. Co. By L. R. Smith, Sec. Emma Andreen,	G. L. Maynard
123	7-29-11	100 " Sugar	Pan. Dev. Co. By L. R. Smith, Sec. Marcus T. Howard,	R. C. Pentland
124	7-30-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Mrs. Sarah A. Duhig,	G. L. Maynard
125	7-31-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. May June Kloninger,	G. L. Maynard
126	7-31-11	60 " Sugar	Pan. Dev. Co. By John Redpath, V-P. M. V. Boltonstern,	L. R. Smith

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
127	7-31-11	30 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. Julius Pestor,	E. A. Lynn
128	7-31-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. W. I. Ramsey,	G. L. Maynard
129	7-31-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Raymond Paul Smith,	G. M. Byrd
132	7-31-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. E. A. Watrous,	G. M. Byrd
133	7-28-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. E. P. Bradbury,	(None)
134	7-29-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Kezia Roycroft Vitan,	G. M. Byrd
136	7-29-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Robert Baxter,	R. Spofford F. French
137	7-31-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Mrs. Eunice S. Fike,	E. A. Lynn
138	7-31-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Paul Fike,	E. A. Lynn
139	7-31-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Roy C. Edwards,	E. A. Lynn
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141	7-31-11	15 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. W. M. Buchanan,	E. A. Lynn
142	7-31-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Isadore A. Brick,	L. R. Smith
143	7-31-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. A. W. Lindgren,	G. M. Byrd
144	7-31-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Mrs. Sophia Miller,	J. E. Ryan
145	7-31-11	120 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Lewis G. Wiley,	L. R. Smith

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
146	8- 4-11	100 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. Belle C. Simmons,	G. L. Maynard
147	8- 4-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. M. H. Dowling,	E. A. Lynn
148	8- 8-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Minnie J. Leach,	G. L. Maynard
149	7-28-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Albert O. Holly,	(None)
150	8- 9-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Thomas Cosgrove,	E. A. Lynn
151	8- 9-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Moise Moscovici,	G. M. Byrd
152	7-31-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Frank Latch,	G. M. Byrd
153	8- 2-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. C. H. Turner,	(None)
154	8- 7-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Miss Anna Margaret Lose,	E. A. Lynn
156	8-10-11	20 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Barthelemy Boyer,	G. M. Byrd
[589]				
157	8-11-11	100 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. Samuel Davenhall,	G. L. Maynard
158	8-14-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Joseph E. Hurd,	G. L. Maynard
161	8- 8-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. T. A. Hanks,	Fred Wilson
163	7-31-11	15 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Johnny Anderson,	G. M. Byrd

No.	Date.	Amt. & Character of Land.	Signatures.	Witnessed by.
164	8-10-11	10 Acres Sugar	Pan. Dev. Co. By John Redpath, V-P. David H. Newcomb,	G. M. Byrd
165	7-31-11	15 " Sugar	Pan. Dev. Co. By John Redpath, V-P. N. J. Boaz,	E. A. Lynn
166	7-31-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Mrs. Hattie M. Hilton,	G. L. Maynard
167	8- 8-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Albert Spannagel,	(None)
168	8-22-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. M. S. Graham,	E. A. Lynn
169	8-22-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Mrs. F. J. Haubold,	E. A. Lynn
170	8-23-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. E. H. Sleeper,	G. L. Maynard
171	8-23-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Helena A. Sleeper,	G. L. Maynard
172	8-23-11	50 " Timber	Pan. Dev. Co. By John Redpath, V-P. Helena A. Sleeper,	G. L. Maynard
173	8-23-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. W. H. Reeves,	E. A. Lynn
174	8-25-11	10 " Sugar	Pan. Dev. Co. By John Redpath, V-P. A. H. Smith,	E. A. Lynn
175	8-25-11	50 " Sugar	Pan. Dev. Co. By John Redpath, V-P. Michael Verstraelen,	G. L. Maynard
176	8-28-11	100 " Sugar	Pan. Dev. Co. By John Redpath, V-P. M. Von Boltonstern,	Geo. M. Byrd

(The following list, entitled "Application for Land," represented a statement of the contents of the various applications for land attached to the land agreements mentioned in the preceding synopsis, and states the number of the application, the amount and character of land, and the signatures to the applications, and the numbers are stated in the column "NUMBER" correspond also to the number of the land agreement to which the respective application for land are attached.)

APPLICATIONS FOR LAND.

Number.	Amount & Character of Land.	Signatures.
4	2 Acres Timber	Britta M. G. Stott.
4	40 " Sugar	
	8 " Timber	Britta M. G. Stott
5	100 " Sugar	Oscar Lawden.
6	100 " Sugar	R. W. Graybill.
7	20 " Sugar	
	5 " Timber	Henry J. Sauerland.
8	10 " Sugar	Wm. Scholling.
11	10 " Sugar	Mary M. Brown.
15	50 " Sugar	David H. Murphy.
17	20 " Sugar	Mrs. Louise V. Macdonald.
18	50 " Sugar	Eugene Adams.
19	100 " Sugar	
	20 " Timber	D. D. Miller.
20	10 " Sugar	C. H. Wolfe.
21	20 " Sugar	
	4 " Timber	Arthur Burns.
22	10 " Sugar	Walter A. Engelke.
24	40 " Sugar	
	10 " Timber	W. W. Hamilton.
26	800 " Sugar	
	200 " Timber	Mrs. F. Neumann.
28	40 " Sugar	
	10 " Timber	Madeleine Paul.
29	40 " Sugar	
	10 " Timber	Annie L. Tilton.
32	40 " Sugar	
	10 " Timber	D. B. Schenck.
33	20 " Sugar	E. H. Durkee.
34	100 " Sugar	Jas. T. Lake.
35	20 " Sugar	
	5 " Timber	W. J. Wallace.
36	40 " Sugar	

Number.	Amount & Character of Land.	Signatures.
	10 " Timber	Eugenia D. Porter.
38	20 " Cocoanuts	Marie Louise Scott.
39	100 " Sugar	W. H. Bentley.
40	80 " Sugar	Samuel N. Pethick.
41	50 " Sugar	Charles J. M. Poppe.
42	40 " Sugar	
	10 " Timber	Mr. B. Tilton.
44	20 " Sugar	Magnis von Boltenstern.
45	60 " Sugar	
	20 " Oranges	
[591]		
	20 " Timber	Chris H. Hesse.
46	20 " Sugar	
	4 " Timber	Ireen Lipp & Emma Andreen.
48	30 " Sugar	Raymond Paul Smith.
49	10 " Sugar	Paul Boyd.
51	10 " Sugar	Ernest Boyd.
52	10 " Sugar	Geo. A. Walker.
57	20 " Sugar	Pat. Conlon.
58	40 " Sugar	
	10 " Timber	W. H. Penrose.
59	25 " Sugar	Elsie H. Freeman.
61	100 " Sugar	Louis G. Brodbeck.
62	20 " "	Joseph E. Neargarder & James A. Garder.
62	40 " "	Albert E. Lake.
63	40 " "	Magnus von Boltenstern.
64	10 " "	Benjamin Boyce.
67	15 " "	Gladys E. Kloninger.
69	30 " "	Phil. Kloninger.
70	10 " "	Della D. Peffly.
72	50 " "	A. O. Cullen.
73	100 " "	J. H. Birch.
74	50 " " & fruit	Jean Hcube.
75	60 " "	Chas. Kloninger.
76	80 " "	M. V. Boltenstern.
78	50 " "	H. A. Gallienne.
79	10 " "	W. H. Gallienne.
80	20 " "	Albert E. Lake.
81	20 " "	Geo. Lake.
83	20 " "	P. C. Wallbridge.
84	300 " " &	
	Cocoanuts	Hyacinth Amiel.
	200 " " "	" "
91	80 " Sugar	
	20 " Timber	Wm. Coleman.
92	10 " Sugar	Emma Andreen.
95	80 " "	Mrs. Lea Sands
96	20 " " & Bananas	William R. Miller.
97	10 " Sugar	Mrs. Mary E. Lose.
98	10 " Sugar	R. M. Sanders.

Number.	Amt. & Character of Land.	Signatures.
99	500 Acres Sugar	Theodora H. W. Smith per G. Russell Smith.
100	20 " "	Josephine E. Weaver.
101	10 " "	Geo. Eddy.
102	40 " "	Patrick Hennesy.
104	10 " "	George Davis.
105	100 " "	Henry Winters.
106	10 " "	Mrs. A. C. Forcht.
107	40 " "	Agnes Matasky.
108	40 " "	Miss Mary Matasky.
109	10 " " & Bananas	John Smithmeier.
113	50 " Sugar	Wm. Terrell.
114	50 " "	Miss. M. B. Collins.
115	40 " "	Paul Fike.
118	20 " "	P. F. Gallienne.
119	100 " "	Sterling L. Dryden.
121	50 " "	Thomas Kinard.
123	100 " "	Marcus T. Howard.
125	20 " "	Phil. Kloninger.
126	60 " "	M. V. Boltenstern.
[592]		
127	10 Acres Sugar	Julius Pestor.
129	20 " "	Raymond Paul Smith.
132	50 " "	Edgar A. Watrous.
133	100 " "	E. R. Bradbury.
134	20 " "	Kezia Roycroft Vitan.
136	100 " "	Robert Baxter.
138	60 " "	Paul Fike.
139	50 " "	Roy C. Edwards.
143	20 " "	A. W. Lindgren.
144	10 " "	Mrs. Sophia Miller.
147	100 " "	M. W. Dowling.
148	100 " "	Minnie Leach.
149	10 " "	Albert O. Holly.
150	50 " "	Thomas Cosgrove.
151	20 " "	Moise Moscovici.
152	50 " "	Frank Latch.
153	100 " "	C. H. Turner.
154	10 " "	Amma Margaret Lose.
156	20 " "	Bathilemy Boyer.
158	10 " "	Joseph E. Hurd.
161	100 " "	T. A. Hanks.
163	50 " "	Johnny Anderson.
164	10 " "	David H. Newcomb.
168	100 " "	Mrs. M. S. Graham.
169	100 " "	Mrs. F. J. Hanbold.
170	10 " "	E. H. Sleeper.
171	100 " "	Helena A. Sleeper.
172	50 " Timber	Helena A. Sleeper.
173	100 " Sugar	W. H. Reeves.
174	10 " "	A. H. Smith.
175	50 " "	Michael Verstrahlen.
176	100 " "	M. Von Boltenstern.

Mr. REGAN.—I offer in evidence the Powers of Attorney and ask that they be marked United States Exhibit No. 204. They are similar to the Power of Attorney which is a part of United States Exhibit 46, except that these powers of attorney, are executed. In the upper right-hand corner they are numbered and run consecutively from 1 to 176, with this exception: Number 2, 77, 82, 85 to 89, inclusive.

Mr. SCHENCK.—Do likewise with these.

Q. (By Mr. REGAN.)—You have already testified that these were arranged uniformly when they were brought to your office? A. Yes, sir. [593]

(The following is a synopsis of United States Exhibit Number 204, and this list entitled “Powers of Attorney” states the number, date, signatures and by whom witnessed, in each of the Powers of Attorney, constituting said Exhibit Number 204.)

POWERS OF ATTORNEY.

Number.	Date.	Signatures.	Witnessed by.
1	5-23-11	Wm. Scholling	N. E. Clark
4	6- 2-11	Britta M. G. Stott	L. R. Smith
5	6- 5-11	Oscar Lawden	G. M. Byrd
6	8-18-11	R. W. Graybill	E. A. Lynn
7	6- 6-11	Henry J. Sauerland	E. A. Lynn
8	6- 6-11	Wm. Scholling	L. R. Smith
9	6- 7-11	George Harlan	L. R. Smith
11	6- 9-11	Mary M. Brown	G. L. Maynard
12	6- 9-11	Carl August Miller	E. A. Lynn
14	6-10-11	Emil Girard	G. L. Maynard
15	6-10-11	D. H. Murphy	G. L. Maynard
16	7-18-11	Mary Louise Scott	G. L. Maynard
17	6-12-11	Louisa V. Macdonald	G. M. Byrd
18	6-19-11	Eugene Adams	L. R. Smith
19	6-19-11	D. D. Miller	L. R. Smith
20	6-19-11	C. H. Wolfe	Rose Wolfe

Number.	Date.	Signatures.	Witnessed by.
21	6-21-11	Arthur Burns	E. A. Lynn
22	6-24-11	Walter A. Engelke	L. R. Smith
24	6-24-11	W. W. Hamilton	L. R. Smith
27	6-28-11	Mrs. Lea Sands	L. R. Smith
28	6-29-11	Madeline Paul	(None)
29	6-29-11	Mrs. A. L. Tilton	L. R. Smith
31	7- 3-11	Chas. O. Kelsey	G. L. Maynard
32	7- 1-11	Dan B. Schenck ²	L. R. Smith
33	7- 3-11	E. H. Durkee	L. R. Smith
34	7- 5-11	Jas. A. Lake	E. A. Lynn
35	6-27-11	W. J. Wallace	L. R. Smith
36	6-30-11	Eugenia D. Porter	(None)
37	7-22-11	Ewald Bahre	E. A. Lynn
38	7- 3-11	Marie Louise Scott	G. L. Maynard
39	7-22-11	W. H. Bentley	G. L. Maynard
40	7- 6-11	Samuel N. Petthick	G. M. Byrd
41	6-27-11	Charles J. M. Poppe	(None)
42	6-30-11	B. Tilton	
		By Anna L. Tilton	(None)
44	7- 6-11	M. V. Boltenstern	L. R. Smith
45	7-10-11	Chris H. Hesse	G. M. Byrd
46	7-12-11	Irene Lipp	E. A. Lynn
		Emma Andreen	
47	7-12-11	E. H. Sleeper	G. L. Maynard
48	7-12-11	Raymond Paul Smith	G. M. Byrd
49	7-14-11	Paul Boyd	G. M. Byrd
51	7-14-11	Ernest Boyd	G. M. Byrd
52	7-14-11	Geo. A. Walker	L. R. Smith
53	7-17-11	Fritz C. Friman	
		By Frederick L. Anderson	E. A. Lynn
56	7-14-11	Frank T. Pomeroy	G. L. Maynard
57	7-17-11	Patrick Conlon	E. A. Lynn
58	6-29-11	W. H. Penrose	G. M. Byrd
59	7-12-11	Elsie H. Freeman	G. M. Byrd
[594]			
60	7-12-11	Joseph E. Neargarder	
		James A. Gordon	L. R. Smith
61	7-14-11	Louis G. Brodbeck	G. M. Byrd
62	7-14-11	Albert E. Lake	L. R. Smith
63	7-14-11	M. V. Boltenstern	G. M. Byrd
64	7-17-11	Benjamin Boyce	G. M. Byrd

Number.	Date.	Signatures.	Witnessed by.
65	7-26-11 ³	William Walter	I. M. McDonald
66	7-18-11	Richard P. Yockisch	G. L. Maynard
67	7-12-11	Gladys E. Kloninger	G. M. Byrd
69	7-12-11	Phil. Kloninger	G. M. Byrd
70	7-12-11	Della D. Peffly	G. M. Byrd
71	7-14-11	Mrs. Ida B. Bell.	G. M. Byrd
72	7-18-11	A. O. Cullen	E. A. Lynn
73	7-21-11	J. H. Birch	E. A. Lynn
74	6-29-11	Jean Haube	L. R. Smith
75	7-12-11	Chas. Kloninger	G. M. Byrd
76	7-22-11	M. Von Boltenstern	G. L. Maynard
78	7-22-11	H. A. Gallienne	G. L. Maynard
79	7-22-11	W. H. Gallienne	(None)
80	7-22-11	Albert E. Lake	G. L. Maynard
81	7-22-11	Geo. Lake	G. L. Maynard
83	7-22-11	P. C. Wallbridge	G. L. Maynard
84	7-18-11	Hyacinth Amiel	G. M. Byrd
90	7-22-11	Frank A. Marek	G. L. Maynard
91	7-24-11	William Coleman	G. L. Maynard
92	7-24-11	Emma Andreen	E. A. Lynn
93	7-24-11	Chauncey M. DeVore	G. G. L. Maynard
94	7-24-11	John R. Rolland	G. L. Maynard
95	7-24-11	Mrs. Lea Sands	G. L. Maynard
96	7-19-11	William R. Miller	J. E. Ryan
97	7-25-11	Mrs. Mary E. Lose	E. A. Lynn
98	7-25-11	R. W. Sanders	G. M. Byrd
99	7-25-11	G. Russell Smith	
		Theodora A. W. Smith	G. M. Byrd
100	7-25-11	Josephine E. Weaver	G. M. Byrd
101	7-26-11	Geo. Eddy	E. A. Lynn
102	7-27-11	Patrick Hennesy	G. M. Byrd
105	7-17-11	Henry Winters	R. C. Pentland
106	7-25-11	Mrs. A. C. Foreht	G. M. Byrd
107	7-26-11	Agnes Matasky	G. M. Byrd
108	7-26-11	Mary Matasky	G. M. Byrd
109	7-26-11	John Smithmeier	J. E. Ryan
110	7-26-11	C. M. DeVore	G. L. Maynard
111	7-27-11	Chauncey M. DeVore	G. L. Maynard
113	7-28-11	Wm. Terrell	G. M. Byrd
114	7-29-11	Mary B. Collins	G. M. Byrd
115	7-29-11	Paul Fike	E. A. Lynn
116	7-26-11	Joel D. Cronk	G. L. Maynard
118	7-26-11	P. F. Gallienne	L. R. Smith
119	7-26-11	S. L. Dryden	G. L. Maynard
120	7-25-11	Joel D. Cronk	G. L. Maynard
121	7-28-11	Thomas Kinard	G. M. Byrd
122	7-29-11	Emma Andreen	G. L. Maynard
123	7-29-11	Marcus T. Howard	R. C. Pentland
124	7-30-11	Mrs. Sarah A. Duhig	G. L. Maynard
125	7-31-11	May June Kloninger	G. L. Maynard
126	7-31-11	M. Von Boltenstern	L. R. Smith

Number.	Date.	Signatures.	Witnessed by.
127	7-31-11	Julius Pestor	E. A. Lynn
128	7-31-11	W. I. Ramsey	G. L. Maynard
[595]			
129	7-31-11	Raymond Paul Smith	G. M. Byrd
132	7-31-11	E. A. Watrous	G. M. Byrd
133	7-28-11	E. R. Bradbury	(None)
134	7-29-11	Kezia Roycroft Vitan	G. M. Byrd
136	7-29-11	Robert Baxter	R. Spofford French
137	7-31-11	Mrs. Eunice G. Fike	E. A. Lynn
138	7-31-11	Paul Fike	E. A. Lynn
139	7-31-11	Roy C. Edwards	E. A. Lynn
141	7-31-11	W. N. Buchanan	E. A. Lynn
142	7-31-11	Isadore A. Brick	L. R. Smith
143	7-31-11	A. W. Lindgren	G. M. Byrd
144	7-31-11	Mrs. Sophia Miller	J. E. Ryan
145	7-31-11	Lewis G. Wiley	L. R. Smith
146	8- 4-11	Belle C. Simmons	G. L. Maynard
147	8- 4-11	M. H. Doling	E. A. Lynn
148	8- 8-11	Minnie J. Leach	G. L. Maynard
149	7-28-11	Albert O. Holly	(None)
150	8- 9-11	Thomas Cosgrove	E. A. Lynn
151	8- 9-11	Moise Moscovici	G. M. Byrd
152	7-31-11	Frank Latch	G. M. Byrd
153	8- 2-11	C. H. Turner	(None)
154	8- 7-11	Miss Anna Margaret Lose	E. A. Lynn
156	8-10-11	Barthilemy Boyer	G. M. Byrd
157	8-11-11	Samuel Davenhall	G. L. Maynard
158	8-14-11	Joseph E. Hurd	G. L. Maynard
161	8- 8-11	T. A. Hanks	Fred Wilson
163	7-31-11	Johnny Anderson	G. M. Byrd
164	8-10-11	David H. Newcomb	G. M. Byrd
165	7-31-11	W. J. Boaz	E. A. Lynn
166	7-31-11	Mrs. Hattie M. Hilton	G. L. Maynard
167	8- 8-11	Albert Spannagel	(None)
168	8-22-11	M. S. Graham	E. A. Lynn
169	8-22-11	Mrs. F. P. Hanbold	E. A. Lynn
170	8-23-11	E. C. H. Sleeper	G. L. Maynard
171	8-23-11	Helena A. Sleeper	G. L. Maynard
172	8-23-11	Helena A. Sleeper	G. L. Maynard
173	8-23-11	W. H. Reeves	E. A. Lynn
174	8-25-11	A. H. Smith	E. A. Lynn
175	8-25-11	Michael Verstraelen	G. L. Maynard
176	8-28-11	M. Von Boltensstern	G. M. Byrd

Testimony of Raymond Gray, Recalled for Plaintiff.

RAYMOND GRAY, recalled on behalf of the United States, having been previously sworn, testified as follows, upon direct examination:

Q. Showing you United States Exhibit 203, I will ask you whether or not you received these documents from Mr. Reach.

A. Yes, sir; and at the time I received them they were in numerical order. I would say the same concerning United States Exhibit 204. So far as I know I did not receive from Mr. Reach [596] or anybody else, any papers or books in reference to the Panama Development Company, or to John Grant Lyman, other than those which I have submitted and have produced here in court. Since the receipt of these papers and documents from Mr. Reach, the papers have been in the safe in the Postoffice Inspector's room, except as used before the Grand Jury and the United States Attorney's office.

Testimony of John U. Van Buren, for Plaintiff.

JOHN U. VAN BUREN, called on behalf of the United States, after being duly sworn, testified as follows:

I remember the Panama Development Company. I called at the office of the Panama Development Co. in 1911, after I had read some advertisements in the paper. I stepped in the office and met a tall young man and he asked me to come to his office on the left-hand side, and he introduced himself to me as Mr. Lynn. I had a conversation with him at that time.

(Testimony of John U. Van Buren.)

He told me that the company was agent for the Government of Panama for certain kinds of lands down there and that it was a very good investment; that the land was nice and clear and no swamp and nothing of the sort, and that the railroad was going to be built through it and that they were selling the land for \$5.00 an acre. That a man could pay half cash and the balance at any time within four years. Lynn showed me a large map as well as a small map. He told me that those (indicating on map lands in Cocle) were the best lands to cultivate sugar cane. On the first visit I did not buy anything, only wanted information. When I left the first time he gave me his card and some literature—pamphlets and circulars—and asked me to look well into it and come in again and ask him for information. So I came in after a day or two and he told me it would be well for me to buy before the rice should go up a dollar an acre. It [597] was now \$5.00 and on the first of August it would be \$6.00 an acre. He told me that they would make contracts with all the men who would buy lands from them, to cultivate the land for them if they wished, and harvest it for them and sell the produce and they would take half of the returns, and in that way, the land would pay for itself. I told him finally, that if these things were as he said, I would buy 50 acres and he marked it down there where I would be located, in Block 30. I paid down \$25.00 in cash and he said if I would come in the next day he would have my contract for the sale of this land, ready, and that a copy of the contract

(Testimony of John U. Van Buren.)

would be sent to the Republic of Panama to be filed. I came back the next day and went to Lynn. He handed me a contract and told me it was a good buy and that a doctor who was in the office at that time, had been down there personally and knew all about these lands and the Government officials, and I said I would like to have some information from the doctor personally and he introduced me to Dr. Lyman. Dr. Lyman showed me the small map and showed me that the railroad was going to be constructed through the center. He showed me the place where the depot was going to be made, and about the sugar mill that is going to be built. He told me about making a contract with people who purchased land, that the company would be able to handle them with the different gangs to take care of the property, and that if we wished they would plant it in sugar cane and harvest and sell it and make a contract like that to go for about four years. I told him I would like to go down there and see about this thing and he asked me if I had bought land. I told him yes and he turned to Lynn and asked how much, and what I paid. Lynn told him I had bought 50 acres and paid \$25 in cash and he came to me again and told [598] me he could not give me a foremanship if I had only so much money or so much land, but he asked me if I had about a thousand dollars to invest. I said I had nothing of the sort. He told me he couldn't see how he could give me a foremanship unless I could take more land and invest about \$400 in cash. I told him I couldn't do it because I had only \$125.00 in the

(Testimony of John U. Van Buren.)

bank that I could lay my hands on. So he finally said that if I could get this \$125.00 at once and invest it in the company that he could give me a foremanship. I went back to the bank and got the \$125, and when I came back Dr. Lyman instructed Lynn to draw another contract for more land, and while he was preparing the contract I paid Lynn the \$125.00. That was the first of August. And I asked the Doctor whether he would give me a written contract for my foremanship down there on the land. He said, "Yes," he could give me a written contract, but he had beforehand explained that he would give me \$150.00 gold, a month's wages, and all expenses, but that I would have to pay my way down there myself, when the time came for me to go, and if I did not have money on hand for the journey, he would advance me the money and I could pay him back afterwards. He turned around and explained to Lynn and dictated to Lynn to write that contract. After it was typewritten he told Lynn to have it signed by Redpath and Redpath signed it.

Mr. REGAN.—I now offer in evidence, the paper just identified by the witness as having been dictated by the defendant and signed by Redpath, and ask that it be marked United States Exhibit 205.

(The said document so offered in evidence is marked United States Exhibit 205, is read in evidence and is as follows:) [599]

(Testimony of John U. Van Buren.)

**U. S. Exhibit No. 205—Guarantee, August 1, 1911,
Panama Dev. Co. to Van Buren.**

(Letterhead of the Panama Development Company.)

Los Angeles, August 1, 1911.

We, the undersigned, hereby guarantees Mr. Joseph U. Van Buren, a position as foreman in the Agua Dulce Colony, Province of Cocle, Republic of Panama, and a salary of \$150.00 per month in Gold, and expenses. He will begin December 1st, 1911, provided he, Mr. Joseph U. Van Buren pays his own expenses to go down there.

PANAMA DEVELOPMENT COMPANY.

By JOHN REDPATH,

Vice-President.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit 205. Filed November 14, 1913. Wm. M. Van Dyke, Clerk. By C. E. Scott, Deputy Clerk.

Q. (By Mr. REGAN.) I show you a land agreement similar to United States Exhibit 46, except that it is filled out, and I ask you whether or not those are the papers that you executed at the time you bought the second lot of land and paid \$125?

A. Yes; these are the papers. They were signed by me, and by Mr. Smith for the Panama Development Company. I kept this paper with the gold seal on it and the blue ribbon, and also the receipt for \$125.00. The agreement to cultivate is the same as United States Exhibit 121, except that it was executed. They kept this second sheet, the land agreement and the duplicate of the cultivation agreement

(Testimony of John U. Van Buren.)

and the application for land and the power of attorney. They told me that the duplicate of my agreement would have to be sent to the Government of Panama for filing and as soon as they had all the money paid up, that we would get a title direct from the Government of Panama.

Cross-examination.

By Mr. SCHENCK.—My first trip to the office must have been in the end of July. I was in there once just for information, and about one or two days afterwards, I went to get more information, and after being more or less satisfied about this land, and its value, then I paid the \$25.00 and bought 50 acres and I was told to [600] come in the next day for the contract. This was on my second trip, which was about two days after the first trip. I didn't see the defendant there the first time I was in the office, I talked to Mr. Lynn. Mr. Lynn told me the railroad, the sugar mill and the depot were going to be built. He did not tell me they had already been built and were in operation.

Q. Now then, you say you purchased some land?

A. Yes, sir. I gave them the power of attorney to go down and locate some land for me.

Q. Is that what you mean by purchasing?

A. According to the contract that he gave me.

Q. You understood that he was to locate land for you in Panama and that is what you gave him the power of attorney for?

A. Yes; because they told me they could locate me.

Q. And they told you that they had men in their

(Testimony of John U. Van Buren.)

Company who were high officials in the Panamanian Government?

A. Yes, sir. He mentioned the name of Mr. Guardia. I believe he told me that Mr. Guardia was on the advisory board.

Q. And that he was this Company's agent in Panama? Is that right?

A. Well, I don't know as to that. I don't remember the conversation very distinctly.

Testimony of Paul A. Hauser, for Plaintiff.

PAUL A. HAUSER, called on behalf of the United States, after being duly sworn, testified as follows:

I live in Long Beach, California, and am in the building business. In 1911, I communicated with the Panama Development Company of this city, after having seen some of their advertisements. I received that letter and envelope through the mail.
[601]

(The said letter and envelope are marked United States Exhibit No. 206, read in evidence, and are as follows:)

**U. S. Exhibit No. 206—Letter, June 6, 1911, Panama
Dev. Co. to P. A. H.**

(Letterhead of the Panama Development Company.)

Los Angeles, June 6, 1911.

P.A.H.

Dear Sir:

In reference to your inquiry of recent date relative to the purchase of Panama Government lands;

the only possible question we take it, that can arise in your mind as to the desirability of same, is as to whether or not, you would get good lands if the selection be left to us.

Now you can contract (through us, if desired) to have these lands cleared, planted, and all work paid for from the crop itself, it naturally follows the land must be productive for no one would care to do this work without a return for their labor and as it is a case of "no crop no pay," it naturally follows the land must be good land.

Does this not appeal to your good sense?

Second, and *mark* this:—

The Government when issuing definite title to the land certifies as to the cultivation of same. Thus, you see, there can be no question about their value, or that the work will be carried out other than as contracted for, the Government itself certifying as to the work done.

We believe you will make a very serious mistake if you delay purchasing as much land as you possibly can. Cultivation can be delayed as long as you like, as you have four years to decide as to that, but the amount of available land is limited, and when once gone, cannot be replaced.

If you leave the selection of this land to us, and are dissatisfied with your purchase, we will return the full amount paid at any time within two years on assignment to us of the provisional title.

No amount of vain regrets on your part can ever bring back a lost opportunity, and our advice is to act this very day, filing your application with us, and

from the moment in our hands, will establish your ownership against all others.

If convenient to make the initial payment of \$2.50 per acre, we will do all we can to aid you in deferring payment, but act to-day. This is likely to prove the most important event in your life, and one which will mean more to your future than any single act you can name.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By L. R. SMITH.

LRS/CS.

(Envelope, 1 two cent stamp cancelled.)

(Postmark) Los Angeles, Cal. Sta. C June 6, 7:30
P. M. 1911.

(In ink) P. A. H.

Mr. Paul A. Hauser, 1228 Lime Avenue, Long
Beach, Calif.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S.
Exhibit 206. Filed November 14, 1913. Wm. M.
Van Dyke, Clerk. By C. E. Scott, Deputy Clerk.
[602]

(The said letter so identified is marked United
States Exhibit No. 207, is read in evidence, and is as
follows:)

(Testimony of Paul A. Hauser.)

**U. S. Exhibit No. 207—Letter, June 28, 1911,
Panama Dev. Co. to Hauser.**

(Letterhead of Panama Development Company.)
Los Angeles, June 28, 1911.

Mr. Paul A. Hauser,
1228 Lime Ave.,
Long Beach, California.

Dear Sir:—

We have an opportunity to dispose of some Long Beach property, and if you would care to consider an exchange for some of your lots there, for Panama land, we would be very glad indeed to take the matter up with you.

We are enclosing you herewith maps showing the exact location in which we could locate you at present.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

L. R. SMITH.

Secty.

S/C Enc.

(Envelope, 2 two cent stamps cancelled.)

(Postmark) Los Angeles, Cal., Jan. 28, 6:30 P. M. 1911. Mr. Paul A. Hauser, 1228 Lime Avenue, Long Beach, California.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit 207. Filed November 14, 1913. Wm. M. Van Dyke, Clerk. By C. E. Scott, Deputy Clerk.

A. With the letter which you have just shown me, I received a map, similar to United States Exhibit 56. After the receipt of this map a man by the name

(Testimony of Paul A. Hauser.)

of Pentland called on me. I have seen him around here since this trial started. I had a conversation with him. When he first came there he said he represented the Panama Development Company, and that he was told to come there and talk the matter over with me about buying Panama land. I asked him about getting a deed to the property and he told me that I would get a deed in five years time from the Government and that for that reason I was sure to get the deed, because the Panama Government would give it. I received that letter through the mail.

(The said letter so identified is marked United States Exhibit No. 208, is read in evidence and is as follows:)

**U. S. Exhibit No. 208, Letter, August 4, 1911,
Panama Dev. Co. to Hauser.**

(Letterhead of Panama Development Company.)
Los Angeles, August 4, 1911.

Mr. Paul A. Hauser,

1228 Lime Avenue,

Long Beach, Calif. [603]

Dear Sir:—

We regret very much that we have not had the pleasure of seeing you in our office. If you are still considering the purchase of Panama Lands, we take pleasure in advising you that we will allow you the old rate of \$5.00 and we will gladly consider your Long Beach lots in exchange if you would care to trade them.

(Testimony of Paul A. Hauser.)

conversation with Mr. Smith he showed me this map of Agua Dulce, United States Exhibit 43. I indicated where I wished to be located and he said that block 26 and 39 had already been sold. I asked him if I could get some land close to the railroad and he said he didn't think I could.

Q. Did you receive any information about a physician as a reference? [604]

A. Yes, sir; after they had corresponded with me two or three times they told me they could recommend a physician by the name of Lyman who had bought land down there, and I could see him either in the Consolidated Realty Building, or, on Hobart Boulevard but I never went there to see him. I was told that Dr. Lyman made a large investment, but I am not sure how much it was. I was told that 40,000 acres of land was sold to an American colony close to Agua Dulce.

Q. What were you told about the railroad, if anything?

A. Well, they said it was already started, or would be started soon. They didn't say it was already through there.

Testimony of D. N. Willits, for Plaintiff.

D. N. WILLITS, called on behalf of the United States, having been first duly sworn, testified as follows:

I live at Phoenix, Arizona, my business is that of Chief Deputy United States Marshal for Arizona and was so in 1911. At that time my residence was at Tucson. In 1911, I had a communication with the

(Testimony of D. N. Willits.)

Panama Development Company.

Q. I show you this letter and envelope and ask you whether or not you received that letter and envelope through the mail?

A. Yes, sir; I did.

Mr. REGAN.—I now offer the letter and envelope which has been identified by the witness, in evidence, and ask that it be marked United States Exhibit No. 209. The letter is dated August 22d. This is the same as the 3-page long letter heretofore introduced and marked United States Exhibit No. 122. It may be deemed read and copied in the record?

Mr. SCHENCK.—It may be deemed read.

Q. (Mr. REGAN.) I now show you this letter addressed to you, which is similar to United States Exhibit No. 130, and ask you whether or not you received that letter? [605]

A. Yes, sir; on September 12.

Mr. REGAN.—The letter just identified by the witness is the same as United States Exhibit No. 130, except that it is dated September 6, 1911, addressed to Mr. D. Willits, Tucson, Arizona, commences "Dear Sir" and is signed "Panama Development Company. By E. A. Lynn."

Cross-examination.

By Mr. SCHENCK.—Immediately upon receipt of each letter I sent them to the Chief of the Bureau of Investigation at either El Paso or San Antonio, where he was located *that time time*. The letter is now in the same condition that it was when I sent it to the Chief of the Bureau of Investigation. I

(Testimony of D. N. Willits.)

marked it with my initials and the date. I know it is the same letter. I cannot see any change in it. I do not know who mutilated the envelope, and I do not know why they did it.

Redirect Examination.

By Mr. REGAN.—The writing in red ink “D. M. Willits, 8-24-11” was placed there by myself on receiving the envelope.

Recross-examination.

By Mr. SCHENCK.—Do you notice on the signature of that letter, it says “Panama Development Company, By” and there is a little scratch of ink through the “By”? Do you know who put that there?

A. I don’t recall that. The letter seems to be in exactly the same condition that I received it. I can’t say that it was not in that condition that it is now in that respect.

Testimony of Mrs. J. Kloninger, for Plaintiff.

Mrs. J. KLONINGER, called on behalf of the United States, having been duly sworn, testified as follows:

I called at the office of the Panama Development Co. in [606] 1911 and saw Mr. Redpath, and had a conversation with him in reference to the Company.

Q. What did he tell you?

A. I wanted to know what connections they had with the Government and he said there was an agreement made between the Government of Panama and the Panama Development Company, giving them

(Testimony of Mrs. J. Kloninger.)

the right to handle this land, and they wanted to get American settlers in there and get the land in cultivation. And I went again with my daughter after that and he gave me the same statement and she bought 100 acres and I bought 50. I went again with another party and he told the very same statement again and I increased that 50 acres to 100, so sure was I that I was buying Government land. At one of my early calls at the office, I asked him what assurance he had in regard to this company, and he said that he was so sure of this company being right, that he had induced a friend of his, a Mr. Haldeman of Riverside, who had an orange grove there, to turn his grove in for this government land; that he was so sure of that, that he really encouraged him. And there were ten of us that bought. I paid all together \$40.00. At that interview he showed me this small map of Agua Dulce, United States Exhibit 43, and he indicated to me where he could locate me. At the time the agreements were executed he told me that the papers which the company retained were to be sent to Panama to be filed with the Government.

Mr. REGAN.—I show you the second sheet of the land agreement, similar to United States Exhibit 46, except that it is filled in and numbered in the right-hand upper corner No. 68, signed by the "Panama Development Company, John Redpath, May J. Kloninger," do you know whose signature that is? [607]

A. That is mine and it was executed by me, in pur-

(Testimony of Mrs. J. Kloninger.)

suance of this purchase. I received this receipt dated August 16, 1911 for \$40.00 from the Panama Development Company.

(The said receipt is marked United States Exhibit 210, is read in evidence, and the following is a copy thereof:)

**U. S. Exhibit No. 210—Receipt, August 16, 1911, of
Panama Dev. Co.**

(Letterhead of Panama Development Company.)

Los Angeles, Aug. 16, 1911.

Received from

Mrs. M. J. Kloninger.....\$20.00

Mrs. Elsie Freeman..... 20.00

Gladys E. Kloninger..... 10.00

These amounts to apply on their contracts issued by us for Panama Government Lands.

.. PANAMA DEVELOPMENT CO.

By JOHN REDPATH.

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit No. 210. Fld. Nov. 18, 1913. Wm. M. Van Dyke. By Robert E. Rinehart, Deputy Clerk.

Cross-examination.

(By Mr. SCHENCK.)

Q. You say, "There were 10 of us went up there"?

A. Yes; ten of us, relatives and friends that bought, and supposed we bought Government land. I have known Mr. Redpath since the last week of June, or the first of July. I met him through Miss Clark in the office. She worked in the office and she stayed at our house at that time. I did not know

(Testimony of Mrs. J. Kloninger.)

anyone connected with the Panama Development Company prior to the time I met Miss Clark. She was the one who first talked to me about buying Government land in Panama and afterwards I went down and met Mr. Redpath. I had a considerable conversation with Mr. Redpath.

Q. Did you ever see the defendant there?

A. Once. I did not talk to him nor he to me.

Q. What was the first thing you said when you went in there to see Mr. Redpath, or to see the Panama Development Company and met Mr. Redpath? [608]

A. I wanted him to tell me what connection this Panama Development Company had with the Panama Government, and he told me there was an agreement made between the Government of Panama and the Panama Development Company. I wanted to know what assurance I had and he referred me to three banks, two banks in Los Angeles and one at Panama.

A. We had a lot of literature at home and we read it all.

Mr. SCHENCK.—What did you sign that power of attorney for?

A. I think it was to be sent to Panama to be put on record there, to show that we got Panama Government land.

Q. The power of attorney was? Did you read it before you signed it?

A. I don't know; I couldn't say.

Q. You knew at the time did you not, that the

(Testimony of Mrs. J. Kloninger.)

proposition was that you should pay the Company \$5.00 an acre, in consideration of which they would, by the use of the power of attorney, go down there and locate land in your name?

A. They were to sell me land. I was to give \$5.00 an acre and they were to get the first half and the other half was to go to the Government in four years.

Q. If you were buying lands, not locating lands, what object or purpose did you have in giving them your power of attorney to go down there and locate lands?

A. Well, as I understand—I don't just know about that—we were to get Government lands. That I know.

Q. Let that be the basis. That you were going to get the Government lands. Just exactly how you were going to get them, or through what means or methods by which you were going to get them, is rather indistinct in your mind at this time, isn't it?

A. I understood, it was that we didn't get any clear title to the land until four years. I can't remember what I [609] gave them the power of attorney for. I was up here to see Mr. Regan twice. I was to make it plain to the jury what connection I had with the Panama Development Company at that time.

Q. But has any one suggested to you that you were to make plain what connection the Panama Development Company had with the Panamanian Government?

A. Yes, sir. Mr. Regan told me that.

(Testimony of Mrs. J. Kloninger.)

Q. Have you told all that you can remember of the conversation with Mr. Redpath?

A. No. I expect there is a good deal more, if it could be brought out, but I am telling just what I can remember now.

Testimony of Mrs. J. F. Steele, for Plaintiff.

Mrs. J. F. STEELE, called on behalf of the United States, having been previously duly sworn, testified as follows:

I called at the office of the Panama Development Company in 1911, and met a man by the name of Byrd.

Q. Did you have a talk with him about the Panama land?

A. Yes, sir; I went in there as I wanted to buy some Panama land, so we talked to him about it and he told us they had an option on some land in Panama and he wanted us to buy some at \$5.00 an acre and \$2.50 down. He showed us some maps where the land was. He said it was eight miles from the Harbor and that the survey was made and the railroad was going through. I received many letters from the Panama Development Company, in fact Mr. Byrd came up to see me and asked me about buying lands but I did not buy any.

No cross-examination.

Testimony of David B. Low, for Plaintiff.

DAVID B. LOW, called on behalf of the United States, after being duly sworn, testified as follows:
[610]

I called at the office of the Panama Development

(Testimony of David B. Low.)

Company in this city, in 1911, and met Mr. Redpath and Mr. Byrd. I had a talk with them at that time in reference to the lands that they were selling.

Q. What did they tell you?

A. They told me they were selling the land in Panama for agricultural purposes and that they had a contract with the Panamanian Government to sell the land as Government lands and that the price was \$5.00 an acre, \$2.50 to be paid when I made application for the land, and \$25.0 to be paid in four years, and when the first payment of \$2.50 was made, which would be made with the application, I would get a provisional deed in about two months afterwards from the Panamanian Government. They told me there was a survey made for the railroad through the land and the material was at the terminus where the Government was going to start to construct the railroad.

Q. Was anything said about anybody connected with the company, owning any land down there?

A. Yes, sir; Mr. Byrd told me that Mr. Lyman owned land in that section and was heavily interested and referred me to Lyman if I wanted any additional information. I went in to the Panama Development Company office quite frequently. I suppose I went in there twenty times, covering a period of time from May, 1911, to August of the same year. I thought favorably of the proposition and I was desirous of buying some land, but I had not the cash and I made a proposition, to Mr. Byrd and Mr. Redpath—that I might exchange some land in Los

(Testimony of David B. Low.)

Angeles County for land there. I had a piece of land in Montebello, $4\frac{3}{4}$ acres or thereabouts, and a house, and I suggested [611] that I might make an exchange of that piece of land for some land down there, if I was satisfied about it. They said they would take it into consideration, and we dropped negotiations for some time. About three weeks later they wrote me they could handle that piece of land for land in Panama and requested me to come in and see them, and so I went in and talked the matter over, and finally made a trade and conveyed the land out there to the Panama Development Company for land in Panama.

I offered my land for sale for \$3,700.00. There was a mortgage of \$1,200 on it, that left my equity \$2,500.00. They offered me a thousand acres and I finally made a deal to take 1,000 acres of land in exchange. The contracts for the Panama land were signed and ran to my wife, May Low.

Q. Now, I show you some papers similar to United States Exhibit 46, consisting of land agreement, the receipt for \$2,500 and the second page of the land agreement, the cultivation agreement, and power of attorney, and I will ask you to examine those and state whether or not those were executed with reference to this deal. A. Yes, sir.

Q. When those papers were executed, was anything said as to what would be done with papers that they retained?

A. They were to be sent to Panama to the Panama Government, and when they received them, they

(Testimony of David B. Low.)

would send me a provisional deed for 1000 acres of land.

Mr. REGAN.—The papers which the witness has just identified are similar to United States Exhibit 46, except as to being filled in and dated the 7th day of July, 1911, Panama Development Company, party of the first part, and May Low, party of the second part, and provides for the purchase of 1,000 acres in [612] Cocle—sugar land, signed “Panama Development Company By John Redpath, vice-president, May Low.” Signed, sealed and delivered in the presence of G. L. Maynard. The Cultivation Agreement is dated the 10th day of July, 1911, signed “Panama Development Company By John Redpath, May Low,” and signed as a witness by Maynard. That is the same as United States Exhibit 121, heretofore introduced. The Power of Attorney is dated the 7th day of July, 1911, signed May Low in the presence of G. L. Maynard as a witness. These papers in the upper right hand corner bear the number 55.

Q. Did you receive this letter addressed to you dated the 5th day of August, similar to United States Exhibit 126?

A. Yes, sir, I did. I also received a letter dated August 18, 1911, similar to United States Exhibit 130. Also a letter similar to United States Exhibit 119. I received a circular of the Panama Sugar Estates, Limited, similar to United States Exhibit 51. Also circular similar to “Land of Opportunity” United States Exhibit 54-A.

(Testimony of David B. Low.)

Cross-examination.

(By Mr. SCHENCK.)

Q. You understood, did you not, that they were going down to locate land in your name, for you?

A. No.

Q. Did you read any of this literature that you have been identifying here?

A. Yes, sir. The plan whereby I was to get land was to be in accordance with the literature that they sent me and what they told me.

Q. Did they tell you they owned a nickel's worth of land in Panama?

A. They told me they had a contract to sell it for the [613] Panamanian Government.

Q. Did they show you a lot of pamphlets?

A. Yes, and a lot of magazines called the Pan-American Magazine.

Q. They told you they would get a provision title for you in about two or three months after the deal was made?

A. Yes. They said the application had to be sent to the Panama Government and then they would send a provisional title.

Q. Didn't they tell you they had to file location notice, make a map, and go through a lot of formalities there?

A. No, sir. They didn't say that to me.

Q. You saw it in the literature, didn't you?

A. I don't remember the literature.

Q. Haven't you been in communication with Mr. Reach since that time?

(Testimony of David B. Low.)

A. I had some business with Mr. Reach. He was my attorney after I had dealings with the Panama Development Company. He did not write me and say he wanted to be my attorney. Mr. Redpath phoned me to meet him up in the office in the Higgins building. I didn't know whose office it was. That was in September, 1911.

Q. How long have you known Mr. Redpath?

A. I got acquainted with him when I visited the Panama Development Company's office, that is the first time I met him. Mr. Byrd told me what connection Redpath had with the company and introduced me to him, and after I was introduced to Mr. Redpath he told me he was the vice-president and general manager of the company. My talk was mostly with Mr. Byrd, but I talked a good deal with Mr. Redpath.

Q. Did you ever talk with the defendant in this case? [614] A. No, sir; nor he to me.

Q. What first aroused your interest in the Panama land, or drew your attention to it?

A. A friend of mine, Mr. Lockeday, told me about it first. I had not received any literature before that.

Q. What was the first literature received? This letter of June 22d, same as Exhibit 119?

A. Yes, sir. I read it all through. That was before I made my deal. They didn't tell me they were going to locate a colony there and after they got the colony all subscribed they were going down there to make the surveys in accordance with the provisional

(Testimony of David B. Low.)

map here and that they would survey it out and block it out as shown on the map and then I would get my provisional title; they told me they were selling lands to people to go down there to form a colony.

Q. If you were buying lands, what did you give them a power of attorney to locate lands for?

A. They had a contract from the Panamanian Government to sell the land, I suppose that was a sufficient guarantee backed up by someone to deliver it.

Q. You say they told you that they had a contract with the Government, whereby they could deliver you the land if you made the trade?

A. Yes, sir.

Q. Did they tell you anything else about the contract—what its nature or form was?

A. That the Panamanian Government would, in two months or so, give me provisional title to it.

Q. Was any reason suggested, why you should or she should [615] give this company a power of attorney to go down there and locate lands for you, if you were buying them?

A. Well, they represented that they did not own the land outright; that they could not deliver the land and could not deliver a provisional title to the land until the money was paid in and the money had to be forwarded to Panama to buy the land, before the Panamanian Government would give a provisional deed.

Q. Did any of them tell you why it was that they had to have a power of attorney to forward with the

(Testimony of David B. Low.)

money to the Panamanian Government?

A. There was nothing said about the power of attorney, but I guess my wife gave one.

Q. Didn't they tell you that you, yourself could go down there and locate land, if you wanted to, but you would have to pay your fare and a lot of costs entailed with it, and they had an agent in Panama connected with the Panamanian Government who could select better land for you than you could select for yourself, and there is where you would have money by paying them \$5.00 an acre.

A. Yes; I believe that was mentioned.

Q. Then how did you get the idea in your mind that you were buying it instead of having them locate it for you, if they told you that?

A. Because I knew that land could be located for less than \$5.00 an acre.

Q. Didn't they explain to you that their province, or duty, or scheme was to save a man the fare going down there and back and being bothered with the red tape, and that they could do it for him better than the man himself, by reason of [616] the man connected with the company being a high official of the Panamanian Government?

A. That was the substance of the talk.

Redirect Examination.

Q. Did they tell you, that they had land of their own to sell? A. No.

Recross-examination.

Q. Did you read this contract that was signed by your wife, before she signed it?

(Testimony of David B. Low.)

A. Yes, I read it.

Q. If you thought you were buying land did you ask him anything about this clause: "Now, therefore, the said party of the second part," which is your wife, "does hereby authorize, appoint, designate and name the Panama Development Company as the true and lawful agent and attorney to purchase in the name of the party of the second part 100 acres of land suitable for cultivation of sugar, and it is further agreed that for and in consideration of the party of the first part, through its authorized agent locating land, the party of the second part agrees to pay the party of the first part \$2.50 for each acre so located and purchased." When you saw that in there did you say anything about the locating feature of it?

A. They told me that the contract covered all that; the contract that they had with the Panamanian Government. I knew all the time that part of the money that I was supposed to pay the Panama Development Company was to be kept and retained by the Panama Development Company for their services in locating me upon the land. I didn't know what amount they would pay the Panamanian Government for land. It was immaterial to me [617] what they paid the Panamanian Government for it as long as I was getting what I paid for.

Q. Outside of reading the literature that you got from them, did you read any other literature, or make any other investigations before you decided to trade?

A. Well, I talked with my friends, considering whether it was safe to invest so far away in another

(Testimony of David B. Low.)

country. I talked with Mr. Lockaday.

Q. Did you go to the Public Libraries and get any books, or buy any books like Forbes Lindsay's book, or read up in your encyclopdias or geographies, to find out the nature of the soil, independently of what the company told you, before you decided to purchase or locate?

A. I had investigated and read up about Panama previous to that time, but not immediately previous to that time. I read up some books that Mr. Byrd gave me about Panama and its resources, the magazine was entitled "The Pan-American Bulletin" before I purchased or traded.

Testimony of Walter A. Leach, for Plaintiff.

WALTER A. LEACH, called on behalf of the United States, having first been duly sworn, testified as follows:

I met the defendant, Lyman, in 1911 in the Consolidated Realty Building. I went there in answer to an ad that appeared in the daily papers. The advertisement stated that there was land to exchange for clear real estate and I went there, and I was told by Dr. Lyman that the land that was advertised had all been sold, but he still owned property at Panama which he did not want to dispose of. He stated that there was a concern on Mercantile Place that probably had lands to exchange for clear property, and that I probably would be able to make an exchange by going there. That if I could exchange property for that land, he could sell it through that office he occupied. I visited the office of the Panama Devel-

(Testimony of Walter A. Leach.)

opment Company following [618] my conversation with Lyman. The first person I met was Maynard. I talked with him at least twice, concerning these lands that were advertised.

Q. What was the first conversation that you had with him?

A. Well, he simply answered the questions I asked him concerning land in general and conditions down there.

Q. Did he tell you anything about the relations between the Panama Development Company and the Panamanian Government?

A. Yes. I don't remember whether it was the first time. He stated that the officials or high officials or well-known persons connected with the Panama Government were connected with the company, and that the company was selling land as an agent or representative of the Panamanian Government. He showed me nearly all the literature they had in the office there. I afterwards went back to the office once or twice. I returned with my mother and she exchanged the property she had to exchange as the first payment on her 1000 acres and conveyed her property by deed, to the Panama Development Company. At the same time there was a land agreement executed by the Panama Development Company and by my mother. I was told that it would be immediately forwarded to Panama to the Government there and the deed would come back from the sending of that paper. My mother signed a cultivation agreement, (United States Exhibit 79.

(Testimony of Walter A. Leach.)

Mr. REGAN.—Showing you United States Exhibit 78, I will ask you if the signature there, Elizabeth Leach, was signed by your mother?

A. Yes, sir, that is her signature and the receipt for \$2500 was signed at the same time, “Panama Development Company by John Redpath.” He said there was a railroad surveyed through [619] Panama to David and that construction work was about to be begun, and that a certain region was set aside around the town of Agua Dulce to be sold by their company. I received a letter dated August 18, 1911, similar to U. S. Exhibit 130. I received this letter.

(The said letter so identified is marked United States Exhibit No. 211, is read in evidence, and is as follows:)

**U. S. Exhibit No. 211—Letter, August 7, 1911,
Panama Dev. Co. to Leach.**

(Letterhead of Panama Development Company.)

Los Angeles, August 7, 1911.

(In pencil) W. A. Leach.

Mr. W. A. Leach,

2226 Clifford Street,

Edendale,

Los Angeles, Calif.

Dear Sir:—

Referring to the exchange of your property for Panama Government Lands, we wish to say that in accordance with the arrangement which we made last Saturday, we have had your property inspected and it was reported as being satisfactory. The officials

(Testimony of Walter A. Leach.)

of this Company signified their willingness to make the exchange.

Kindly let us hear from you at your earliest convenience, as the lands which the company will contract to plant to sugar cane are being very rapidly sold out, and we must know at once if the exchange is to be made.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

By G. L. MAYNARD.

S/C.

(Envelope) (Postmark) Los Angeles, Cal. Sta. C 1911. Aug. 7, 5 P. M. (1 one cent stamp cancelled.) Addressed to Mr. W. A. Leach, 2226 Clif-ford Street, Edendale, Los Angeles, Calif.

[Endorsed]: 672—Crim. U. S. vs. Lyman. U. S. Exhibit No. 211. Fld. Nov. 18, 1913. Wm. M. Van Dyke, Clk. By Robert E. Rinehart, Deputy Clerk.

Cross-examination.

By Mr. SCHENCK.—After my conversation with the defendant in the Consolidated Realty Building, I never met him or talked to him again. I have stated substantially all he said to me and all I said to him.

Q. Didn't they tell you, as a matter of fact, that their object was to get you and a number of other people that would eventually form a colony in Agua Dulce? [620]

A. Yes, that is practically what he said.

Q. And you knew from what they said, and in fact, they did say to you that they didn't own a nickel's

(Testimony of Walter A. Leach.)

worth of land there, but would act as your agent in locating you?

A. They didn't say that they didn't own any land, but they didn't claim that they did. I knew from my conversation I had with them that I myself might have gone down to Panama and located land myself, if I wanted to.

Q. And you knew the Panama Development Company were going to charge you something for doing what you might have done yourself, didn't you?

A. Well, they didn't explain it in that way. At least I did not arrive at those conclusions at that time. Mr. Maynard told me that they had the exclusive agency, practically—as near as I can remember it—of a certain large locality around Agua Dulce, which was to be colonized by Americans.

Q. How about Mr. Santiago de la Guardia, the attorney-general of Panama? Did they tell you his connection in high official circles in Panama?

A. I don't remember of him, but they spoke of his son.

Q. Didn't they say this: That if you would give them a power of attorney to locate lands, that they might locate lands for you, you paying \$5.00 an acre under an installment basis, and that they by reason of their agents in Panama being high in official circles of the Panamanian Government, could locate you better than you could locate yourself if you went down there?

A. No, they did not tell me that. They represented that Mr. de la Guardia, Junior, was the presi-

(Testimony of Walter A. Leach.)

dent of the company and was a very prominent man there; either an official or prominent man in the office of the Government. I don't remember them [621] telling me that the president of the Panama Development Company was an agent of the Panama Government in the matter of locating lands in Panama. They didn't state that they didn't have any agents in Panama, but of course they didn't say anything to keep me from thinking that Mr. de la Guardia would be their agent there. I supposed naturally, he was their legal representative there. They did not tell me he was a lawyer. They showed me those Pan-American Bulletins. I didn't read them all. I made inquiries to some extent of my friends about conditions in Panama and as to the adaptability of the soil in Panama and feasibility of making investments in Panama. I also asked my uncle and some friends whom I thought might be acquainted with agricultural conditions throughout the world. Nobody told me that they were acquainted with conditions at Panama. Whatever was said along the lines of getting a provisional title was told me by Mr. Redpath. I don't know whether he did, or did not, specify any time or make any statements as to what time it might likely be.

Q. You knew, did you not, that they were to locate lands for you?

A. I only knew that they represented that way.

Testimony of Wellington B. Wheeler, for Plaintiff.

WELLINGTON B. WHEELER, called on behalf of the United States, having been previously sworn, testified as follows:

I called at the office of the Panama Development Company in 1911 and saw Mr. L. R. Smith. I had a conversation with him.

Q. What did he tell you?

A. He told me that they were acting as agents of the [622] Panama land, and told me of the opportunities there; of a railroad that was being built, and a sugar mill that was to be built. He said that the lands were timber and agricultural. I arranged to purchase 600 acres at \$5.00 an acre. I paid the company \$300 and at that time there was a contract made out.

Mr. REGAN.—I will show you this contract, it is similar to United States Exhibit 46, and I ask you whether or not that was the contract that was executed, signed by the Panama Development Company by John Redpath, and signed as well by W. B. Wheeler.

A. Yes, sir. I also signed the power of attorney and the second sheet of the land agreement. The Panama Development Company kept the second sheet of the land agreement and the power of attorney. They told me that these papers would be sent to Panama with the money, and I understood were to be filed there with the Government.

Mr. REGAN.—Papers just identified by the witness is the same as United States Exhibit 46, is dated

(Testimony of Wellington B. Wheeler.)

the 8th day of June, 1911, and provides for 600 acres in Cocle, signed Panama Development Company by John Redpath, vice-president, W. B. Wheeler. Signed, sealed and delivered in the presence of G. M. Byrd. It includes a receipt by the Panama Development Company by John Redpath, vice-president, of \$300. Monthly payment \$45 per month, to be made on this tract for twenty months without interest. A power of attorney is signed by W. B. Wheeler and witnessed by G. M. Byrd. The second sheet of the land agreement kept by the company, as the witness testified, and the power of attorney kept by the company, are both numbered 10 in the upper right-hand corner.

Q. Now, I show you this "Gateway to Opportunity," similar [623] to United States Exhibit 45, and ask you whether or not you received that at the company's office?

A. Yes, sir. And a timber circular similar to United States Exhibit 62.

Q. Have you seen the defendant since he was arrested?

A. Yes, sir. I saw him once in jail. Before I went to see him I talked to Mr. Lynn. I asked Dr. Lyman what he proposed to do and he said if they would give him a chance he would make good, with all the investments. He also said if they would give him a chance, he would either reinstate the investors on their land, or else give their money back, and he said the small amount that it took to make good did not amount to a pinch of snuff. I said I didn't care

(Testimony of Wellington B. Wheeler.)

for the land, but I wanted the money, and he said he would certainly get me the money if they would give him a show. I have spoken to Lyman once in the courtroom and he asked me to get him a list of the names of the investors.

Cross-examination.

(By Mr. SCHENCK.)

Q. Didn't you go to the jail as a result of seeing an advertisement that he wanted to get all the investors up there, or wanted to see them?

A. No, sir. I did not know such an advertisement had been inserted by him. By giving him a show, I suppose he meant by letting him out and giving him a chance to make good. I spoke to the defendant once in my life, which was shortly after I had invested. I never talked to him before I invested. I have talked to Mr. Regan two or three times about what my testimony was going to be.

Q. You say you made an arrangement to purchase 600 acres? [624] A. I did.

Q. Did you mean by that, that you arranged whereby they would locate you on 600 acres of land, or did you mean to purchase?

Mr. REGAN.—Objected to as calling for the conclusion of the witness. The witness can testify what was said.

The COURT.—The objection is overruled. This is a cross-examination.

A. He showed me on the map where I could be located.

Mr. SCHENCK.—Then it was to be located that

(Testimony of Wellington B. Wheeler.)

you made arrangements for, not purchased?

A. I had to locate before I could purchase, and I gave my power of attorney and he located me on the map in the office.

Q. You knew you were not purchasing land, didn't you? You knew you were simply authorizing them to act as your agents down there to locate you on Government land?

A. I thought I was authorizing them to locate me on the particular piece that I located on the map. I purchased the particular piece that I decided on. I made the payment to Mr. Smith.

Q. Didn't you notice in this book which says: "As we have no lands of our own to sell, and only act as brokers on behalf of clients, and as all government lands are the same price, we have nothing to gain except by serving them to the best possible advantage." If you read that statement before you had the conversation with Mr. Smith, which statement is that they had nothing to sell, how do you reconcile that with your statement that you purchased some land, if they did not have any?

A. I said that they were acting as agents for the land. [625]

Q. They were acting as your agents in the matter of locating the land? A. They were.

Q. They told you that the railroad was then being built? A. He did.

Q. I will read this statement in this "Land of Opportunity" or "Gateway of Opportunity" circular, which says; after referring to some opportunities

(Testimony of Wellington B. Wheeler.)

there: "To take advantage of this to the fullest extent, the Panama Government is now advertising for bids for the construction of a railroad from the city of Panama through the rich province of Chiriqui to the City of David 280 miles to the northwest." Do you remember reading that?

A. I can recognize the pamphlet, but I don't remember what the contents were.

Q. You had this pamphlet in your hands in which it is stated that they were advertising for bids, when Mr. Smith told you it was already under construction?

A. That was my understanding, that the road was already being built.

Q. Did you call his attention to this statement in the circular, that they were just advertising for bids?

A. No, sir; I possibly overlooked that. I received those pamphlets but I may have overlooked that particular paragraph. He told me that the sugar mill was to be built, but no work had been done on it yet.

Q. Do you remember here "the Government had recently granted an important concession relating to the erection of a sugar mill, removing the tax on sugar machinery and, recognizing the enterprise as a public utility, has exempted it from [626] all national and municipal taxes for a period of ten years." Do you remember that?

A. It sounds familiar.

Q. Why did you give him the power of attorney?

A. Because I could not go and locate it myself. I don't remember that they told me I could locate it

(Testimony of Wellington B. Wheeler.)

myself if I wanted to, but that it would cost me more than \$5.00 an acre. I believe they told me that because of the fact that some of their officers were high in official circles in the Panamanian Government they could select better land than I could as a stranger. I knew as a matter of fact, that they were charging me a fee for doing that which I might otherwise do myself by spending a railroad fare and going through the red tape. That was practically everything they told me, in the various conversations, that they would do for me. I believe I signed one of those cultivation agreements, I couldn't say positively whether Smith said that they were cultivating the land or that they said that the lands were in cultivation. They told me that the lands were in cultivation by the United Fruit Company raising bananas and other companies raising sugar, but that is not the land I refer to as being under cultivation. They told me that this land was to be cultivated to sugar cane, not that it was already cultivated.

Redirect Examination.

(By Mr. REGAN.)

Q. You mean the lands they were to sell you would be put in sugar cane? A. Yes, sir.

Q. From whom were you buying the land?

A. From the Panamanian Government, through the Panama Development Company. [627]

Q. (By a JUROR.) When you made this purchase was it your impression that the money you paid in was to apply on the purchase of the land or was it a fee? A. It was to apply on the purchase price.

(Testimony of Wellington B. Wheeler.)

Q. And when you made this purchase did you have an idea that somewhere in Panama they were going to get you some kind of land, or did you have an idea that they were going to locate you where they said they were at Agua Dulce?

A. I had an idea that they would locate me where they showed me on the map.

Testimony of Stefan Hladish, for Plaintiff.

STEFAN HLADISH, called on behalf of the United States, having previously been sworn, testified as follows:

I wrote and mailed this letter to the Panama Development Company in 1911.

(The said letter so identified is marked United States Exhibit No. 212, is read in evidence, and is as follows:)

U. S. Exhibit No. 212—Letter, June 23, 1911, Hladish to Panama Dev. Co.

“Belmont, Cal. June 23, 1911.

Panama Development Co.

Dear Sirs: Please send me a map of the country, and I would like to know what would be the best time to go in there, and I would like to have a hundred acres, where it is the best climate where it would be good for raising stock. I would want half for cultivation and what is the fare from San Francisco, what language do they speak there, and what kind of people in there white or black, and how can I get the title to the land.

Yours truly,

STEFAN HLADISH.”

(Testimony of Stefan Hladish.)

The WITNESS.—I received this letter in reply, through the mail.

(The said letter so identified is marked United States Exhibit No. 213, is read in evidence and is as follows:)

U. S. Exhibit No. 213, Letter, June 26, 1911, Panama Dev. Co. to Hladish.

“PANAMA DEVELOPMENT COMPANY

216 Mercantile Place

Between Fifth and Sixth Streets

Los Angeles, June 26, 1911.

Mr. Stefan Hladish,

Belmont, California,

Dear Sir:— [628]

We are in receipt of your favor of the 23rd instant, and regret to advise that the maps are not as yet completed, however, we expect them sometime within the next two or three days. The maps are in colors showing the different provinces in Panama, and the printers are obliged to put on one color each day, and for this reason, it is taking considerable time to get them out. We still have land open at Agua Dulce, Province of Cocle, about which we wrote you on the 16th, and would advise you by all means to take up this land at this point. We are enclosing you a plat of this location, and the town itself is located less than 100 miles from the western entrance of the canal, which you can locate very *radily* on the general map; this *we* will be forwarded you in a few days.

We can give you 100 acres in Blocks 19025-26-39-

(Testimony of Stefan Hladish.)

40-28-29-30-31-32, or anywhere south of the line dividing the purto Agua Dulce This land is suitable for the raising of stock, or we can locate you in a strictly stock raising country in the Province of Chiriqui which is farther up on the new railroad. There are many cattle ranges at present in the Chiriqui country, and all of them are *doin* well.

The climate is very good in either of these two spots, being very even the year round. The temperature never going above 90 degrees or below 70. The nights always very cool, and a slight warm shower every day.

If you take up property at Agua Dulce in the Province of Cocle we will be able to cultivate same for you under the form of development contract which will allow you to pay for same out of the crops as harvested.

The fare from San Francisco is about \$100.00, however, this will be materially reduced in a short time.

The language spoken by the natives is Spanish, although the English language will be eventually used entirely. English is taught in the schools in the Canal Zone, and is spoken by a great percentage of the residents of the City of Panama.

The native Panamanians are about the color of the familiar Mexicans of your locality.

The title to this land is the very best obtainable, coming direct from the purchaser to you.

We trust that you will not delay filing your application with us, and we will assure you that you will

have our very best service in the selection of the land.

Yours very truly,

PANAMA DEVELOPMENT COMPANY

S/C.

L. R. SMITH."

The WITNESS.—I received that letter through the mail.

(The said letter so identified is marked United States Exhibit No. 214, is read in evidence and the following is a copy thereof:)

U. S. Exhibit No. 214, Letter, June 16, 1911, Panama Dev. Co. to Hladish.

"PANAMA DEVELOPMENT COMPANY

216 Mercantile Place,

Between Fifth and Sixth Streets.

Los Angeles, June 26, 1911. [629]

Mr. Stefan Hladish,

Box 17,

Belmont, California,

Dear Sir:—

Replying to your valued favor of the 14th instant regarding the Government Lands now open in Panama, we take pleasure in handing you herewith complete descriptive literature relative to same.

Under the liberal terms on which these lands are being sold make them virtually a gift, and while at the present time they are inaccessible, owing to the total lack of transportation facilities, with the completion of the new railroad and the Panama Canal, they will have the world's markets at their doors, and there is not the slightest question but that they will greatly enhance in value within the next few years.

We are in a better position to make a selection of desirable lands for you than though you were on the spot to act for yourself, as we have experts who are familiar with the country, and as all lands are the same price, we have nothing to gain except by giving you the very best.

Should our selection prove unsatisfactory, we will return the full amount paid at any time within two years. Thus you have every opportunity to obtain the results of our best services, and see for yourself, and, if dissatisfied, have a refund of your purchase money.

At the present time we are strongly advising the purchase of lands at Agua Dulce, Province of Cocle, which is one of the best sugar districts in Panama, and where we recently arranged for the sale of 10,000 acres to an American colony. This is directly on the line of the new railroad, and near the town, which has a fine harbor, and is only about 100 miles from the western entrance of the Canal. There is little doubt but that within the next two years the lands will be worth from \$100 to \$500 an acre in this vicinity.

If desired we can send you a map showing just where you would be located, if you will indicate the number of acres desired, the smallest number which you can purchase being ten.

One member of the Advisory Board is the present Attorney General in Panama, and the President of the Company is recognized as the leading agricultural expert in Panama, having been sent by his Government to this country to make special investiga-

(Testimony of Stefan Hladish.)

tion, and he, in this work, took special courses in two agricultural colleges. A third member of the Advisory Board is the leading merchant in Panama, a man having been identified with business life there for many years past.

We will be able to show you a map of the country within a very short time; they are now in the hands of the printers, but would urge you to send in your application at once, as the land in this particular spot will not be open any great length of time.

Yours very truly,

PANAMA DEVELOPMENT COMPANY.

S/C.

L. R. SMITH.

Enc."

The WITNESS.—I received that letter through the mails.

(The said letter so identified is marked United States [630] Exhibit No. 215, is read in evidence and is as follows:)

U. S. Exhibit No. 215—Letter, June 28, 1911,

Panama Dev. Co. to Hladish.

"Panama Development Company,

216 Mercantile Place,

Between Fifth and Sixth Streets,

Los Angeles, June 28, 1911.

Mr. Stefan Hladish,

Belmont, California.

Dear Sir:—

Complying with your request of a few days past, we take pleasure in handing you herewith two maps,

one showing the country in general, and one showing the land open in the Agua Dulce Colony, Province of Cocle. This spot you can locate on the general map.

If you will send us your application at once, we can locate you on any of the unsold blocks of land, and if you consider purchasing sugar land, we would advise you to make application at once, as by so doing you can still obtain land on the railroad, and close proximity to the town.

While the lands are all one price, it is reasonably certain that those located adjacent to the town, and where there are American colonies, they will more rapidly enhance in value than those a long distance inland. If you act quickly, we can place you in just such a district.

Kindly be good enough to fill out the enclosed application blank and send to us at once with proper remittance.

Yours very truly,

PANAMA DEVELOPMENT COMPANY,
L. R. SMITH.

S/C.

Enc."

I also received a letter dated August 5, 1911, similar to United States Exhibit No. 126, and also a letter dated the 17th day of August addressed to me and similar to United States Exhibit No. 130. They wrote me a letter and asked me to call at their office, but I didn't because I noticed in the newspapers that they had arrested the whole business and that

the office was closed. I received that letter of July 21st, 1911.

(The said letter so identified is marked United States Exhibit 216, is read in evidence and is as follows:)

**U. S. Exhibit No. 216—Letter, July 21, 1911, Panama
Dev. Co. to Hladish.**

“PANAMA DEVELOPMENT COMPANY,
216 Mercantile Place.

Between Fifth and Sixth Streets.

Los Angeles, July 21, 1911.

Mr. Stefan Hladish,

Box 17,

Belmont, California.

Dear Sir: [631]

We refer to our letter to you of June 26th wherein we have written you regarding 100 acres of land in the Province of Cocle, Panama, would say that if this location did not suit you, we can locate you in the Province of Chiriqui, which is very fine cattle raising country, and along the line of the new railroad.

If terms were not such that you could meet, we will gladly arrange them to suit you. The price of the land will advance to \$6.00 per acre August first, and we would like very much to receive your application before that date.

We take pleasure in handing you herewith a new form of contract which we are willing to enter into with you for the cultivation of land in the Agua Dulce Colony. We believe that this will appeal to you and you will notice that we accept as our pay

(Testimony of H. George Cooley.)

for planting, etc., one-half of the net profits for the first three years.

We have a letter from Mr. Hernan de la Guardia, President of this Company, dated City of Panama, June 21st, in which he states that the sugar mill and all machinery had been unloaded at the port of Agua Dulce, and the erection of same would take place at once.

Kindly let us hear from you at your convenience, and thanking you in anticipation of your reply, we beg to be

Yours very truly,

PANAMA DEVELOPMENT COMPANY,

L. R. SMITH.

S/C.

Enc.”

Testimony of H. George Cooley, for Plaintiff.

H. GEORGE COOLEY, called on behalf of the United States, having first been duly sworn, testified as follows:

I called at the office of the Panama Dev. Co. and saw Mr. Redpath and had a conversation with Redpath. He told me that they had splendid lands down there at \$5.00 an acre; that they could sell it to us at one-half down and the balance could be arranged most any way. I asked what it could be used for and he said for the sugar business and for tropical fruits. He said that the land was smooth and easily put in shape for cultivation. He said to me he could locate me in the eastern section of Agua Dulce.

Q. Was there anything said as to who owned the land?

(Testimony of H. George Cooley.)

A. I was talking with them regarding the purchase of land and also the sale of land as their agent, and I said "You have some paper that will show your relationship to that land. I [632] want to see that paper." He said that the Panamanian Government was really connected with the Panama Development Company by the son of the attorney general of Panama.

Q. Did they tell you who owned the land?

A. No, sir; I don't remember that they did. That is why I asked them for this paper to show the relationship which they sustained to that land. They never showed me that paper, nor did they ever answer that question. They said there was a railroad building that way. I kept asking how far along it was but I couldn't get much satisfaction out of it, only that it was not yet to Agua Dulce, or to that section where they were selling.

Q. I show you a circular, similar to United States Exhibit 122 and I will ask you whether or not you received such a letter that has been referred to as a three-page letter?

A. Yes, sir; I received a letter dated August 3, 1911, similar to United States Exhibit 126, and a letter dated August 28, 1911, similar to United States Exhibit No. 124. I received a circular similar to United States Exhibit 54, "The land of Opportunity," and one similar to Exhibit 45, "The Gateway to Opportunity." I did not purchase any land there.

(Testimony of H. George Cooley.)

Cross-examination.

By Mr. SCHENCK.—Will it be stipulated, Mr. Regan, that the various circulars are signed not like Exhibit 124 is signed?

Mr. REGAN.—Yes, I should call attention to that, the letter dated July 28, 1911, similar to United States Exhibit 124, is signed “Panama Development Company, I. M. McDonald, [633] and over to the left “S/C.” And the letter shown the witness dated August 3d, 1911, similar to United States Exhibit 126, is signed Panama Development Company by L. R. Smith, and the letter shown the witness similar to United States Exhibit 122 was signed L. R. Smith.

WITNESS.—Mr. Redpath and Mr. Smith were the only men I talked to. There was another man I talked to several times, but I don’t remember his name. I have never talked to the defendant nor he with me.

Q. As a matter of fact, in one of those conversations with one of those persons, didn’t he tell you that the Government was really connected with the company, or closely associated with the company, by reason of the fact that Mr. de la Guardia was a high official and Mr. Quelquejeu was an influential man down there, and Mr. Fearson was an important banker down there, and that Mr. de la Guardia, Junior, was the son of the attorney general of Panama?

A. I don’t remember about the other things, only about the son of the attorney general.

Q. When you started to interrogate him on the

(Testimony of H. George Cooley.)

question of their relationship to the land, they told you that Mr. de la Guardia, Junior, was the son of the attorney general, was acting as agent of the Panama Development Company, in Panama?

A. I don't remember that. Perhaps it was so.

Q. You stated upon your direct examination that when you started to interrogate them as to their relationship to the land, Mr. Redpath or Mr. Smith, one of them, said that the government was really connected with the company by reason of the association of Mr. de la Guardia with the company?

[634]

A. I don't know that he said that they were connected. I said that they represented the deal as a safe one, because of the relationship or because of this man Hernan de la Guardia, being the son of the Attorney General.

Q. You say you don't know that they said that the government of Panama was really connected with it; but as I get the drift of your testimony, I gathered this: that you got the idea in your mind that their association with the land was all right because of the closeness of Mr. de la Guardian to the Governor?

A. They represented something like that and I asked for the paper to show the relationship. I couldn't get it straight. I insisted on seeing the paper and the last call that I made there I saw Mr. Smith and I kept insisting on seeing the paper and Mr. Smith said "If you don't like the looks of this thing, you had better drop it right here" and I did.

(Testimony of H. George Cooley.)

Q. They didn't tell you that they owned any land, did they?

A. That is what I was trying to find out—who owned the land, and how it was a safe thing for me to enter into.

Q. Did you read the literature on that score?

A. Yes, I wanted something more than just their literature. I read all of their stuff, but I felt that there was something that I could show to patrons ment and the closeness of the company to de la Guar—that I had seen a paper there which showed their relationship to the company.

Q. Didn't you read this little pamphlet "As we have no lands of our own to sell and only act as brokers on behalf of clients—"? [635]

A. Why shouldn't they show me that paper?

Q. What paper would you expect them to produce to show their relationship, ownership of land, or relationship to the land, when they say over their own signature that they do not own a bit of land, but only act as brokers?

A. If I am acting as a broker for land for anybody, I have something to show for it. I have a list of them or I have letters in the name of the people who own the land.

A. They didn't show me so that it satisfied me that they had the right kind of connection and that is why I turned it down.

Q. Didn't they explain to you that all they were doing was interesting people in Panamanian lands on this basis; instead of a man going down there

(Testimony of H. George Cooley.)

himself and going through all the red tape to locate lands *there* would go down and locate the lands for the people and map it out and get the provisional titles and distribute them?

A. They might have meant it. I didn't really know what the proposition was.

Testimony of Archibald D. Cleaver, for Plaintiff.

ARCHIBALD D. CLEAVER, called on behalf of the United States, having been previously sworn, testified as follows:

I received literature from the Panama Development Company in 1911. Following the receipt of the literature Mr. Pentland called to see me. I had a talk with him about the Panama Development Company and its relations to Panama lands. He said the Panamanian Government owned the land but the Panama Development Co. had an option on it. He said he had land laying all around the sugar factory and by one paying a certain amount of money down, that he would get a location right up by the sugar factory. [636]

Cross-examination.

(By Mr. SCHENCK.)

Q. I noticed one time on your direct examination, that you stated that Mr. Pentland told you that the sugar factory was already there. Another time he told you it was under construction.

A. If I said it was already there, I made a misstatement, because he said the sugar factory was under construction and it would be constructed by the

(Testimony of Archibald D. Cleaver.)

time our cane was ready to be harvested. That is the idea he gave me. I couldn't say whether it was finished yet or not. The proposition he put up to the syndicate was that we were to put up \$10.00 each and we would send two parties down there and if they came back and reported favorably, then we would pay for our land. We were not compelled to go there. He said that the Panamanian Government was back of the Panama Development Company and it was not necessary for us to live there to hold the land; that by paying a certain amount, they would take a certain amount from the profits and we would not necessarily have to go there to live. He said that the lands would be located through a power of attorney.

Q. That was in the syndicate that he was forming by himself? A. Yes, sir.

Q. And he told you, did he not, that the Panama Development Company was contemplating the laying out of a large colony and that he had gotten an option from them whereby he would carve out of that large tract of land, enough to accommodate you and other people?

A. Well, he already had an option on that large tract of land, that is he claimed the Panama Development Company had. Pentland never represented to me that he had any land at all. [637] He stated to me that he was Agent for the Panama Development Company. He put two propositions to me, one was a syndicate proposition and the second proposition was this: He had sections of land all round the

(Testimony of Archibald D. Cleaver.)

sugar factory and if I, or anybody else in the syndicate wanted to pay a certain amount of money, they would have the privilege of locating right up around the sugar factory. That is the proposition he put to me. He said the Panama Development Company had an option on this land. Whether it was Government land, I never had a thought about it. He said the Panamanian Government gave the option to the Panama Development Company.

Testimony of John Edward Mitchell, for Plaintiff.

JOHN EDWARD MITCHELL, called on behalf of the United States, having been previously sworn, testified as follows:

I called at the office of the Panama Development Company in 1911, and saw Mr. Maynard and Mr. Byrd. I had a talk with Mr. Maynard about the land down there and he said it was a good proposition. He said that he owned some land down there and had been all over the country; that they were building a big sugar factory at Agua Dulce, and were building a railroad up into that country; that they had experts down there to till the land and that there would be no trouble in getting a title to the land and that they had the land there. He said the Panama Development Company had it arranged with the Panamanian Government for the sale of the land. He showed me a map, something like United States Exhibit 43, and he showed me where he could give me the land; I think it was right up here in this section of block 16 or 17. I purchased land and I think I paid \$50 down and another payment of \$20.

(Testimony of John Edward Mitchell.)

Cross-examination.

(By Mr. SCHENCK.) [638]

Q. Did you see any literature?

A. Yes, sir; quite a bit of it. I was at the office about two or three times talking to Mr. Maynard and Mr. Byrd. I never talked to the defendant in this case, and never saw him there that I know of.

Q. When you inquired about the proposition, what was the first thing he said?

A. He told me it was a good proposition for land. I don't remember just the conversation that was carried on that night.

Q. What did he say about the sugar factory?

A. He said they were building a sugar factory there, that would be started as soon as they got the land tilled and got the sugar cane coming in.

Q. Did you ever see one of these pamphlets down there (handing paper to witness)?

A. Yes, sir; I got one of them at the house and read it. I don't remember about seeing anything in there about the sugar factory.

Q. Isn't this what he told you, that the government had recently granted an important concession relating to the erection of a sugar mill, removing a tax on sugar machinery and recognizing it as a public utility—didn't he tell you about some concession on a sugar mill and exempting the machinery from taxation? Isn't that what he told you?

A. I don't remember it that way. The first thing that attracted my attention to Panama lands was when I got their literature through the mail. I don't

(Testimony of John Edward Mitchell.)

know what I did with the literature that I got. No one has suggested to me about [639] the sugar mill and what was said. Mr. Regan spoke to me about the railroad. Mr. Maynard told me that they were building a railroad up in Agua Dulce and I don't remember reading in some of the literature that the Government of Panama had just recently advertised for bids to build that railroad.

Q. Didn't Maynard tell you, as a matter of fact, that they were now advertising for bids and the construction would start pretty soon?

A. Yes, sir; something like that.

Q. You think he also told you it was already built, notwithstanding the fact that they were just advertising for bids?

A. That it was under construction. He did not tell me who the experts were they had down there. If I understood him right he said the experts were working on the sugar factory and that they had men there ready to till the soil. He mentioned Mr. Guardia and told me that Mr. Guardia would act as this company's agent in Panama and that Mr. Guardia was associated directly, or indirectly with the Panamanian Government, and that therefore this company was pretty close to the Panamanian Government. I don't remember that he told me that I could go down there and locate land myself, if I wanted to. He explained to me the reason why it would not be profitable for me to go down there and locate land, for the reason that I would have to pay my fare down there and back and after

(Testimony of John Edward Mitchell.)

I got down there I would have to survey the lands and go through a whole lot of detail, so-called red tape, and in the end it would be more expensive to me than to let them do it for me.

Q. As a matter of fact, you mean by that, do you not, that you authorized them by written power of attorney, to go down there and to locate the government land for you? [640]

Mr. REGAN.—Just a moment; that is calling for a conclusion of the witness.

The COURT.—The objection is overruled.

A. Yes, sir; that is what I meant by purchasing. At this time, my memory is somewhat hazy and indistinct, as to just what did take place.

Testimony of S. H. Jappe, for Plaintiff.

S. H. JAPPE, called on behalf of the United States, having been previously sworn, testified as follows:

I called at the office of the Panama Development Company in 1911. He told me that the company was the agent for the land down there and that they had a town there and were building a railroad and sugar factory at Agua Dulce. Through the conversation he said his brother in law had been down there and had a piece of land and was making money. I asked him if I could be assured of getting a job there and he said no, the foreman had to be able to handle the natives. Then I asked him how about the sugar mill—I had been a willwright by trade—and he said they had to wait for machinery there, then I said I would rather have land down on the waterfront and he

(Testimony of S. H. Jappe.)

was it was not so good, it was swampy down there. I did not purchase any land.

Cross-examination.

By Mr. SCHENCK.—I called at the office only once. I did not see the defendant there. The only man I every talked to was Mr. Maynard. The reason I went in there was the fact that they had a display in the window—the Panama Canal and the maps and a display in the window. I might have talked with Mr. Maynard about 15 minutes or half an hour. [641]

Q. You have not told one-tenth of the conversation, I suppose, have you in the last five minutes?

A. Well, I believe the main part, what the conversation amounted to.

Q. Did any one point out to you what was the main parts or supposed to be the main parts of the conversation that you were supposed to have had?

A. Well, the purchase of the land in that tract in Panama. I remember perfectly what was said about the railroad. Maynard showed me some literature and pamphlets and I read them afterwards.

Q. Didn't you see in the pamphlet that the Government was building the railroad and not the company?

A. Yes; but I did not read the pamphlets in the office. I read that a home. He told me that they had a railroad building into their tract. He didn't say the railroad was already finished, or that it had reached Agua Dulce.

Q. Well, with reference to the agency for the land,

(Testimony of S. H. Jappe.)

he told you that the company was the agent for the land in Panama, did he?

A. Yes, sir; I remember that those were his exact words, that the company was the agent for land in Panama. There can be no question about that in my mind, even after two years.

Testimony of Thomas H. Silsby, for Plaintiff.

THOMAS H. SILSBY, called on behalf of the United States, having first been duly sworn, testified as follows:

My full name is Thomas H. Silsby. My business is that of constructing roads and irrigation ditches and subdividing lands up in Tehama County, California. I went to Panama recently in the interest of myself and others, looking up [642] any investments that there might be down there, and to purchase land or anything that we might invest money in, property—land, cattle, or timber. I left Los Angeles the latter part of June, 1911, and during July and August I was in Panama. Upon arrival at the City of Panama, I went to the Hotel Tivoli. I took a trip to the western provinces of Panama by boat to Pedrogal, then to David and the province of Syracuse.

Q. During your experiences have you cultivated land?

A. Yes, sir; I have planted lands, made soil examinations and all that sort of thing. I am now interested in a sugar cane ranch in Mexico.

Mr. REGAN.—State what you found with reference to the character of land in the vicinity of David

(Testimony of Thomas H. Silsby.)

and Boquete, in the province of Chiriqui and places that you have described that you visited.

A. Well, Savannah lands, open lands, lands usually used for stock; clay soil, underlaid with hardpan and suitable if anything for cattle. Because of the character of the land and the opportunities there in general, I did not purchase any land.

Q. How large a settlement is David?

A. About probably 5,000. From David I went to Alanje and Divala. Around Alanje it is quite an open country in places, and the soil is more of a sandy nature, underlaid with hardpan and more timber out there. At Boquete I saw three or four Americans in there and some Panamanians raising coffee. The places were all small; each one had a few acres up there. They all told me there was quite a little coffee raised in Boquete. On my last visit to David I didn't find any construction work, in reference to a railroad being carried on, neither did I find any material for the construction of a railroad.

Q. What sort of timber land did you find in the vicinity [643] of the San Pedro River and Montijo?

A. It was small timber and brush; no large timber that I saw.

Q. Showing you this timber circular, similar to United States Exhibit No. 62, I wish you would examine that and state whether or not you found trees of that description in Montijo?

A. Oh, occasionally you find nice trees, surely. The trees in the vicinity of Montijo are small. Be-

(Testimony of Thomas H. Silsby.)

tween Sona and Montijo it is a very rough country and the hill is a very steep up and down hill, and it is brush and small timber. I had some of this literature when I went down to Panama. I was interested in obtaining land similar to what the literature described, if I could find it. I made an effort to find out the connection of the Panama Development Company with the Panamanian Government.

Q. Where did you go to get that information?

A. To the President of the Republic of Panama. I did not make any purchase of any land in the vicinity of Montijo and the San Pedro River. From Montijo I went to Santiago. The land around Santiago is open land with small clumps of trees and scattered small timber. The whole country as a matter of fact, through there—of course there are exceptions in spots, in places where it changes, and it is different, nice little nooks and corners, but the general character of the country is clay soil, underlaid with hardpan and only fit for cultivation in small areas. From Santiago I went to Agua Dulce. Agua Dulce has probably a couple of thousand people there, it might be more than that. I did not see any sugar mill there, or any indications of any being constructed. The soil at Agua Dulce and vicinity is very thin. There are a good many fenced fields and the people have stock in there, [644] the natives have stock in the pastures; mostly pasture land. That is after leaving Agua Dulce, then it goes into a swamp a short distance from Agua Dulce. I did not see any American Colony there at all. I only saw

(Testimony of Thomas H. Silsby.)

one American. I did not see any sugar cane raised around Agua Dulce. There might be some little nooks and corners adapted for raising sugar cane, but nothing to amount to anything that I saw. I left Agua Dulce and went east, the land became swampy. These maps are nothing more than sketch maps. I found a few spots here and there at Pocri, which is about two or three miles from Agua Dulce, adapted for the growing of sugar cane. The country is all settled up there. There are lots of people living in there. The land is fenced off. From Pocri I went to Anton. The country at Anton is very open—Savannah land, grazing land.

Q. Anywhere in the province of Cocle, did you find any sugar cane being raised as a commercial proposition?

A. No, sir; I did not find any land there that was adapted to the raising of sugar cane as a commercial proposition, nor any American settlers there.

Q. In your examination of the land in your travels down there, did you find any timber of merchantable value?

A. Well, I found two places where there was a lot of good timber, that was right after leaving Chorchá in Chiriquí. I did not make any effort to purchase that. There is a man that has a little Cocoa plantation there. I also found timber of a merchantable value on the San Juan river in the province of Chiriquí. It is owned by the different owners of the San Juan Estate. Those are the only places that I found any timber to amount to anything.

(Testimony of Thomas H. Silsby.)

Cross-examination.

By Mr. SCHENCK.— [645] I understood you to say that the map that we have before us, being Government Exhibit No. 40, is only a sketch map and is not correct in any particular?

A. I would not say that it is not correct in any particular. I say there has been no topographical survey ever made through any section of the country, excepting of course the steamers going up and down the coast have triangulated on these different points and in that way located a good many different places. How the others were located, I don't know, but there has never been a topographical survey of the country.

Q. So your idea of the map is that it was simply a matter of guess work?

A. To a very great extent, it is. It is more or less correct, but to a very great extent, as regards distances and exact locations, it is a great deal of guess work.

Q. Then you think that the little town of Pocri, which shows on this map as being north and a little west, considerable west of Agua Dulce, here being Agua Dulce and here being Pocri—you first stated that Pocri was directly east of Agua Dulce and afterwards changed and said it was *northwest*, and the map shows it was northwest, and you think your idea of directions down there is better than the War Department Office of the Chief of Staff, second division, at Washington, D. C.?

A. Oh, I wouldn't put it that way. No. I stated

(Testimony of Thomas H. Silsby.)

according to my opinion, the map was incorrect.

Q. Do you want to go on record, that this map purporting to be issued by the War Department of the United States of America is incorrect—

A. In many respects, as to the general topography of the country along the coast, I think the coast is undoubtedly accurate; [646] but the interior it was impossible for them to make a topographical map without going over the country, and there are no roads or trails, and it is full of brush. In practically all cases I followed the trail. In one or two cases I cut across the country.

Q. How do you know where the San Juan estate is, if this map is incorrect?

A. I know where it is on the ground and I know it is between the Fonseca river and the San Juan river. I left Los Angeles on the 24th day of June, 1911, and Mr. Chas. M. Brown traveled with me up to David on part of this trip. I was actually in the Republic of Panama pretty close to two months. I was not *not* traveling all of the time. My recollection is that I stayed in Panama a couple of weeks and when I started out I kept on going until I got to Pedrigal which is the port of David. When we were at Boquete Valley I saw quite a lot of coffee raised as a commercial proposition. They were small coffee plantations. I think that the best lands at Boquete were devoted to the raising of coffee. From David I went to San Carlos and from San Carlos I took the steamer to Panama and stopped at Toboga Island.

Q. You traced your line of travel approximately,

(Testimony of Thomas H. Silsby.)

you say, along the railroad?

A. Yes, sir, but I did not know I was traveling on the survey of the railroad. The only person that traveled with me was a guide. We were along the beaten trails practically all the way until I left David for Panama, and only traveled in the day time.

Q. Did you take any excursions away from the trail back into the country to see what you could see?

[647] A. Not to any extent.

Q. So that what *made* be the conditions two miles to your right, or two miles to your left is an unknown quantity to you?

A. Except by hearsay; that is practically true all over all of my travel from David to San Carlos.

Q. Would you say practically a mile would cover it on either side?

A. Well, whatever you can see from the road and the route of travel. You can't see what is on the other side of the hill unless you ask somebody or go there.

Q. And as a matter of fact, there may be many, many sugar plantations, or cocoanut plantations, or coffee plantations, down there existing today and existing then, that you do not know anything about?

A. I hardly think so.

Q. But you are swearing to it. Would you be willing to swear to it?

A. I could, pretty nearly.

Q. Without knowing anything about it?

A. Not positively; but I didn't hear of anything on investigation. I saw lots of people along the trail

(Testimony of Thomas H. Silsby.)

traveling back and forth. There were many settlements, and there were patches of corn and different things. I saw a little commercial rice and some sugar cane, in one place.

Q. Have you read considerable of the literature issued by the Pan-American Union?

A. I read some of it, but not a great deal. I think I saw one or two of the monthly magazines issued by the Pan-American Union.

Q. Do you think there is a tract of land in the western part of the province of Chiriqui of about 25,000 acres, suitable for coffee raising on a commercial basis? [648]

A. No, I don't think there is. I know there is a very small American Colony of coffee planters in the Boquete Valley.

Q. Now, you say considerable of the land is fenced. You know as a matter of fact, that it is the habit of these natives down there to fence off a little piece and to put in a crop, and when that crop is raised, to cultivate some other ground?

A. Yes. They will clear up a piece of ground and plant it awhile and it will wear out and wash away and then they will move over to some other place.

Q. Before you, as you left Divala, stretched one of the llanos, or plains, which lie, like grassy islands in a forest sea, at intervals along the Pacific slope of the Cordillera?

A. I would not put it in that language.

Q. As you leave Divala, "for six miles onward and two on either side of us, the ground extended in

(Testimony of Thomas H. Silsby.)

a sweep as level as a billiard-table and as green”?

A. I could not see that far. It was too much brush.

Q. “A plow has never been seen in the country. Cultivation is neglected as an unnecessary trouble. Withal, harvests are bounteous and recur with infallible regularity of the solar system. I saw fields of sugar cane that had yielded rich crops for fifteen unbroken seasons, and a piece of land which has stood in corn continuously for half a century.” You didn’t see anything like that? A. No, sir.

Q. Isn’t it true, that all over the Pacific slope of Chiriqui is a top soil from 6 to 20 feet thick, formed by the volcanic detritus washed down during countless ages from the mountain sides?

A. Not at all.

Q. It is as rich as any in the world, but not one-hundredth- [649] thousandths part of it has been turned to the account of man.” Is that untrue?

A. Well, there isn’t very much of it. It is mostly all hills and gulches.

Q. Is this true: “Apart from a score of cattle raisers and coffee growers, no man produces more than enough to meet his needs, whilst markets at their very doors are crying aloud for the potential products of the province.”

A. They raise a little for the market and for their own needs. Sometimes they send a little out to Panama; once in a while.

Q. As a matter of fact, they are importing sugar and tobacco in the colonies at the present time, al-

(Testimony of Thomas H. Silsby.)

though they can raise them there for their own needs if they have got energy enough to do it?

A. I suppose if a native was there and wanted to raise his own sugar, if he had a way to work it up, he might raise enough for himself.

Q. Isn't it a fact that the cocoa palms around David thrive wild all over that country? A. No.

Q. Isn't it a fact, that a little further inland, the admixture of sand in the top stratum of alluvial soil, combined with the climatic and drainage, makes such perfect conditions for the growth of such cane, that the yield is as great as anywhere in the tropics, although the fields are not irrigated and are tilled in the most primitive manner?

A. I didn't see any such thing. There might be a piece of an acre or possibly more in the bed of the river. [650]

Q. Do you know Forbes Lindsay?

A. Yes; I know him. He was there when I was there. He and I did not travel at any time together.

Q. Did you read his book?

A. I read sketches of it, pertaining to Panama.

Q. Do you think it was false?

A. A whole lot of it; yes, sir.

Q. You knew he was sent down there by the Government? A. I do not.

Q. Do you know, as a matter of fact, whether a railroad has been surveyed from Panama to David?

A. A survey has been made. It was being made about the time I was down there.

Testimony of Charles Melrose Brown, for Plaintiff.

CHARLES MELROSE BROWN, called on behalf of the United States, having been duly sworn, testified as follows:

My name is Charles Melrose Brown. I have lived in the Republic of Panama for seven or eight years. I am connected with the Venado Plantations Company down there. We buy and sell land, different pieces of land, and we also have a cocoanut plantation which we operate as our own. My work has taken me over a part of the Republic of Panama from the Canal Zone to the Costa Rican Border, and down the other way toward Columbia, a distance of about 50 to sixty miles. The costa Rican border is the western end of the Province of Chiriqui. My work, that I have spoken of, has taken me through the province of Chiriqui from one end to the other on the Pacific Coast, in part of the Province of Veragus, and over the greater portion of the province of Cocle, and the province of Chiriqui three times, twice in the province of Cocle and twice in the province of Veragus. As I went into the province of Veragus I entered through Montijo Bay by boat.

[651]

Q. Showing you United States Exhibit 40 (a map), I call your attention to this Leonis Island in Montijo Bay. Is there an island in that bay?

A. Yes, sir, there are several islands in that bay. The entrance to Montijo Bay might be described as tortious; it kind of curves around. The steamer

(Testimony of Charles Melrose Brown.)

when it goes in there curves from one place to another. When you get inside the harbor it is navigable for small sailing yessels. A steamer like the one that runs in there, has to follow the channel: I have been all over the northeast of the San Pedro River about 8 or 10 miles, circulating back and crossing the river and coming in on the other side.

Q. Is there any timber there?

A. I went through little patches of timber now and then. There was very small timber and brush, little plantings of corn and things.

Q. I show you this timber resource circular, and ask you if you saw one of those before—this is similar to United States Exhibit 62?

A. I have seen that circular before. I have seen those pictures previous to having seen them in this circular, in the "North American Lumberman," in one of its issues, I think in 1910 or 1911. It was in New York several years ago. In my visits to Montijo and vicinity I saw no stands of trees like these. I may have seen an isolated tree that would look something like this, but the timber there has been cut off, this big timber like this. Timber of this description is found in the Darien country of Panama, down next to Columbia. The Darien district is the land that lies around the Gulf of Darien. It is uninhabited [652] down there, and uncultivated and absolutely wild and virginal country, with the exception of little spots where there has been a little cultivation done. This article in the "American Lumberman" was with reference to a company that is operating

(Testimony of Charles Melrose Brown.)

there. I saw a sugar mill about twelve miles north-east from Agua Dulce. I could not say what size sugar mill it is exactly, because I am not an expert on sugar mills. It was small in comparison with the Cuban mills.

Q. Has the town of Agua Dulce any port?

A. It has a port about three miles from the town. There is a wharf there that the Government has built.

Q. I show you United States Exhibit No. 43, and call your attention to the river there, Rio Dulce, navigable. Is there such a river running through there?

A. There is no Rio Dulce. There is a tidal slough running in from the ocean there called the Stero Agua Dulce; Stero meaning slough. It is navigable at high tide for light draft steamers. It comes in from the ocean and turns in here to the left and makes what they call the Hairpin Bend, about 300 feet across. That is what is called the port, when I spoke of the port of Agua Dulce. It is about three miles from the heart of the town of Agua Dulce.

Q. What is there at Port Agua Dulce when you get there?

A. There is a wharf, and there is a sheet iron building with a thatched roof.

Q. What is the character of this land around Agua Dulce as to adaptability for sugar cane?

A. Beginning at the north, the land out here from Agua Dulce is a red clay soil, what you call natural grazing land, short grass grows on it, and it is a red

(Testimony of Charles Melrose Brown.)

clay soil, the surface is very thin; then you come to hardpan and heavier clay. There [653] are Savannahs, broken here and there by a little streamlet that contains water during the rainy season.

Q. South of Agua Dulce?

A. South of Agua Dulce, all this is a tidal swamp, called a mangrove swamp; it floods at high tide with the salt water and dries at low tide. It is covered by a heavy growth of mangrove, a salt water plant. Here and there there is a spot of little higher land with sand on the surface where they have what they call salt pans, a little rank wire grass growing around where it does not flood at the ordinary high tide. The land over to the east is this rolling Savannah land, here and there is a little depression. You may find a clump of bushes where the cattle go in the heat of the day for shade, or a pool of water forms in one of these depressions where they drink. There is no sugar cane around the city of Agua Dulce, or immediate environments of the city.

Q. What is the character of this land down here next to the river?

A. This land is all mangrove swamp covered with high tide. Some of it is covered every twelve hours by the tide, and other spots only covered by the October and April tides. It is what is called overflowed land.

Q. How large is the town of Agua Dulce?

A. About three thousand inhabitants.

Q. I called your attention to United States Exhibit 43, to these blocks which are on a scale of three-

(Testimony of Charles Melrose Brown.)

quarters of a mile wide, those four blocks showing a town three miles running east and west. Is that an accurate description of the town of Agua Dulce?

A. No, sir; if that represents the town of Agua Dulce, it is incorrect. The last time I was down in Panama there was [654] no railroad under construction going towards David, nor any railroad in Agua Dulce to have a station. The majority of that land in the vicinity of Agua Dulce is natural grazing land.

Q. Are you familiar with the laws of Panama, the land laws?

A. Yes, sir; I have studied them. Under the Panamanian laws these Savannah lands, the grazing lands are open to location for purchase to-day. The grazing lands were not so in 1911. In 1911 any cattleman or anybody settling in that country had an equal right to use these lands for grazing their cattle, horses or stock on them on equal terms.

Q. But not to locate any for the purchasing from the Government?

A. Not for the purchase of any specific tract. You could get a piece of land, get a usufruct title to it, and you might fence it in for your temporary use, but you could never get a title in fee to it.

Q. Were there Government lands in 1911 that were open to location by the public?

A. Yes, sir; there were two kinds. The public lands belonging to the Fedreal Government, and the public lands belonging to the various municipalities of the Republic of Panama, lands that had been

(Testimony of Charles Melrose Brown.)

bought by these municipalities from the Crown of Spain in the early part of the Eighteenth Century. These lands were open to the residents of a district for the municipality or the province on equal terms. They might graze their cattle on them on any part; they might take up a certain tract of these lands for their own use, but they could never acquire the title in fee to them. The title always remained in the municipality. In 1909 these two different kinds of public land, the municipal public land and the Federal public land were [655] put together and the administration and the adjudication of them was placed under a national administrator appointed by the Federal Government, and they were thrown open to settlers, and with the exception of certain parts, such as the grazing lands, the rest was thrown open to settlers to acquire title in fee simple by going through certain formalities. The filing of these lands is made with the provincial administrator of lands. His office is located in the Capitol of the province in which the land is located. Record is also kept in the office of the national administrator in the City of Panama. A record of all these filings and all the grants, is kept there, because he has to pass on them finally. The capitol of Cocle is Penoneme. That is where the records are kept. I had reason to go there in September of this year. That was as a result of an interview with Mr. Webster (Postoffice Inspector).

Q. Did you at that time examine the records there?

(Testimony of Charles Melrose Brown.)

A. I examined the records there of the office of the administrator of public land, the office of the registrar of public and private instruments, and other *book* he has in which any transaction amounting to more than \$100 was kept. I do not remember the title of the book, but it is a separate book. In fact I examined all the records of deeds and of sales and transfers, or alienation in any way of real property from the year 1907 to 1913, and I found no reference made in any of those records to the Panama Development Company, or John Grant Lyman, or Hernandez de la Guardia, either for himself or as agent for anybody.

Q. Is there any American settlement at, or in the vicinity of the town of Agua Dulce?

A. No, sir. I met one American there. He lives there part of the time and works on the Miraflores locks on the Panama [656] Canal the rest of the year.

Q. On your last trip to Agua Dulce, were they constructing a sugar-mill?

A. A sugar mill had about been completed about twelve miles from Agua Dulce. There is none at Agua Dulce. It was not constructed in 1911.

Cross-examination.

(By Mr. SCHENCK.)

Q. When you had that little map in your hand, I noticed you did not have any trouble at all in locating yourself on it and describing the land here and there, and this and that. When you had this

(Testimony of Charles Melrose Brown.)

little map in your hand, you pointed out very specifically the character of the lands lying in here and in there by the use of this map. You did not have any trouble at all, did you?

A. No, sir.

Q. Then it is pretty nearly a correct map, isn't it?

A. No, sir, I would not say that.

Q. Then how do you locate yourself on the map if it doesn't speak the truth?

A. You will notice that I did not locate any specific piece of land in any specific place. I said the lands to the north of Agua Dulce, taking this as north, east, south and west. The lands to the north of Agua Dulce I described as a certain kind of land, to the east, to the south, bordering the slough here, and to the west. This land down here—because this is a peninsula—I described as being a certain kind of land. There is no river Agua Dulce. There is a slough in from the ocean called the Stero Agua Dulce; Stero means slough. There is a 22 ft. tide; that is from the maximum high [657] tide to maximum low tide is 22 feet rise and fall. Some days the rise and fall may be only 7 or 8 feet; other days it may be more. The mean tide is always the same.

Q. The Government put in a 24 ft. concrete wharf at Agua Dulce and finished it about a month ago, didn't it?

A. I don't know exactly when they finished it. There is a 24 ft. concrete wharf. At one corner of it there is a sheet iron building for storage. It is

(Testimony of Charles Melrose Brown.)

used to tie the steamers to. They come in on the incoming tide and they carry general merchandise and take down general merchandise. I mean by general merchandise: chickens; passengers, mostly; chickens; turkeys, eggs, sarsaparilla root, tubber; I am mentioning the things I saw on the wharf when I was there in September piled up; sacks of corn. They carried out a great many cattle; that is one of the principal products. Pigs. I helped load some of the cattle. The steamers that touch in here are two different lines, the Panama Navigation Company, the steamer I went down on, took down that day from Agua Dulce 84 or 85 head of cattle.

Q. You say there is a district of Agua Dulce and also a town or pueblo Agua Dulce. Is that correct?

A. Yes, sir. The district of Agua Dulce is probably six miles one way and nine the other.

Q. You say this town of Bocri is east of Agua Dulce?

A. Bocri is almost due east, to the best of my recollection.

Q. Here is a map bearing the indications upon its face, being Government Exhibit 13, introduced by the Government in evidence here, which shows Agua Dulce there and Bocri almost north, but a little west of it. Would you say that *that* this map was incorrect? A. No, sir.

Q. How is it due east if this map shows it—
[658]

A. I said, to the best of my recollection Bocri was almost due east. I may be wrong in my recollection

(Testimony of Charles Melrose Brown.)

of the exact direction from Agua Dulce to Bocri. At the time I stayed at Agua Dulce, which was in 1908, the steamer left the port in 24 hours, and I got in the town just as quickly as I could and stayed there. I went back to Agua Dulce in 1909, but I did not go up to the town this time. When I went there in 1908 I was not looking for land, or on an investigation tour, and stayed there only 24 hours. In 1909 I went there on a steamer, but I did not go away as the steamer *as the steamer* stopped only an hour or two. The next time I was there in September of this year, 1913. I went there in the interests of the United States Government in this case when I went there in September of 1913. While I was at Agua Dulce this year, I was riding around the country, down to the port, north, east, south and west of the town. I got there Friday and went out about four days on horseback and came back to town every night.

Q. On that little map you saw there, you say there was no railroad there in 1911?

A. No, sir. Neither is there one now, nor one under construction. I know, as a matter of fact, that the survey goes straight through the town of Agua Dulce, as I have seen it on the railroad maps prepared by the surveyors of the Panamanian Government. I have noticed the red line on United States Exhibit 40 that goes through the province of Cocle and all over David. It is substantially correct and in conformity with the map issued by the Pana-

(Testimony of Charles Melrose Brown.)

manian Government surveyors. I have been in Chiriqui in 1908, 1909 and 1911. The principal industry of the people in that part of the country is cattle [659] raising. There is a great deal of vegetation. In Boquete they raise coffee and there are probably three or four Americans there. The annual product of coffee in the Valley of Boquete is about a half million pounds. There is citrus fruit grown there. Here and there you will find an orange tree or a lime tree in some cattleman's clearing. I first saw this magazine called the American Lumberman, in the office of the American Locomotive Company in New York in the early part of 1910. Mr. Silsby showed me this timber circular, Exhibit 62, in Panama, in the month of July or August, 1911.

Q. Is there any lumbering done in Veragus?

A. There may be a little local lumbering. There is now a sawmill there.

Q. Do you know what the Pan-American Union is?

A. Yes, sir, it is a union of all the republics in the western hemisphere, that maintains in Washington a bureau,—I don't know exactly the wording—it is for the better knowledge, and friendship and comity among the nations of the western hemisphere. All the republics of the western hemisphere are members of the union.

Q. You have seen these documents issued by the Pan-American Union in Panama, have you not?

A. I have seen a number of documents issued by them.

Q. Do you know whether or not they are recog-

(Testimony of Charles Melrose Brown.)

nized in the Courts of law as official documents or not?

A. I have never known of any instance where they have been. No, sir, I do not know.

Q. Has the Panamanian Government a representative in the Pan-American Union at Washington?

The COURT.—Do you know that?

A. No, sir, I do not know.

Q. Are there any plantations of any kind in any of the [660] provinces that we have talked about, Chiriqui, Cocle, Veragus?

A. There are small sugar plantations in the province of Los Santos, and some in the province of Cocle; also in the province of Colon on the Atlantic side down in the province of Panama, and there are some in the province of Bocas del Toro and Chiriqui. There are banana plantations in the province of Bocas del Toro.

Q. Is there considerable land suitable for sugar cane in the province of Cocle?

A. I do not think there is; not in the province of Cocle.

Q. As a matter of fact the sugar factory that is now built there was by virtue of a concession from the Panamanian Government, was it not?

A. Yes, sir. It has already been erected and it was in operation this last year but they run out of cane. They planted it there but it did not grow well. They ran for about six weeks or two months. They got their cane from their own plantings right around in the neighborhood.

(Testimony of Charles Melrose Brown.)

Q. When *wa* it that the Panamanian Government threw open to all nationalities the Government land that was susceptible of location?

A. In 1909 the law was made, and it was amended in 1911, so that foreigners, or citizens of countries where Panamanians might be excluded from owning property, could still, being a resident of the country, take up Government land.

Q. Isn't all Government land at the present time subject to being taken up by Americans or Panamanians, or anyone else?

A. With the exception of certain areas that are withheld.

Q. The land that is subject to being located upon is what you *can* adjudicable lands, are they?
[661]

A. Lands that may be adjudicated.

Q. Take the province of Cocle. What portion of the province of Cocle would you estimate to be adjudicable in 1911?

A. I have never figured it out. The majority of the province is naturally grazing land and withheld—was withheld in 1911 for adjudication. I did not say the major portion was not subject. I said the major portion of it would be grazing land and would be subject to being withheld from filing, or was withheld from filing in 1911.

Testimony of C. E. Webster, for Plaintiff.

C. E. WEBSTER, called on behalf of the United States, after being duly sworn, testified as follows:

My name is Charles Edward Webster and I am

(Testimony of C. E. Webster.)

Postoffice Inspector, located in Los Angeles and was in the year 1911. In 1913 I went to Panama as Postoffice Inspector for the Government of the United States. I saw Mr. Brown and Mr. Guardia and while there I examined the records of the Panamanian Government and the records of the Administrator of Public Lands of the Republic of Panama. I did not find there any reference or any record of any agreement or contract between the Panama Development Company and the Republic of Panama, or any agreement between the Panamanian Government and John Grant Lyman. Neither did I find any application for land filed by or on behalf of John Grant Lyman or the Panama Development Company. I took down with me a list of the purchasers, or people who had executed contracts or land agreements with the Panama Development Company, and I did not find any applications filed either in their behalf directly, or through Mr. Guardia. I called at the office of two of the Notaries Public to find out whether or not the Panama Development Company had ever registered there. There was no record there; their names did not appear. [662] I examined the years of 1910 and 1911, and at the office of the Administrator General of public lands, I examined the year of 1911. I also examined the records of the Registrar of Public and Private Instruments in Panama, showing all the conveyance of public and private property in the Republic of Panama. I did not find any transaction relating to the Panama Development Company, or John Grant Ly-

(Testimony of Hernan de la Guardia.)

man, nor in the names of the persons or purchasers in the list that I had taken down with me, nor any in the name of Guardia as individual, or as an agent for anybody, and that was true with reference to the offices of both of the Notaries Public.

Mr. SCHENCK.—No cross-examination.

Testimony of Hernan de la Guardia, for Plaintiff.

HERNAN DE LA GUARDIA, recalled on behalf of the United States, upon direct examination by Mr. Regan, testified as follows:

Q. How much money did you receive in all from the Panama Development Company, or from John Grant Lyman?

A. I received a total of \$1500. My salary was \$150.00 a month. I took my salary out of the \$1500, the balance I used for the office expense and I gave Mr. Ryan \$500.00 on the order of the Panama Development Company. I never paid any money to the Government of Panama for any purpose. I never received any papers similar to United States Exhibit 203, consisting of the seconds sheets of land agreements and applications for land, and I did not file any with the Panamanian Government. This is the first time I have seen a paper like this. Neither did I receive any papers like United States Exhibit No. 204, Powers of Attorney, and never filed any with the Panama Government.

Q. Did you ever confer with any officer of the Panamanian Government in reference to buying any land from the Panamanian Government for the Panama Development Company? [663]

(Testimony of Hernan de la Guardia.)

A. I went once and saw the Provincial Administrator of Public Lands to find out what lands were open for location. That is all I ever did. I have never been to Agua Dulce or Chiriqui. I remember the time that Smith came down. He and I had a conversation at that time.

I told Mr. Smith at that time that I would like to explain the situation to him, that everybody was aware in town, that we did not have any land and were kind of making fun of the company. He asked me if I had got any concession for the company and I said that I could not get any without any money. If we had the funds I would get a concession. Mr. Smith asked me where Mr. Lyman's property was located and I told him I did not know that he had any property down there. I don't remember ever having any talk with Smith about Agua Dulce. I told Smith that according to the map, the Government did not have any land at Agua Dulce and I did not see how they published that map or anything of the kind.

Q. Did you ever receive any communication from the Panama Development Company with reference to writing to a list of supposed purchasers?

A. I received a list with a number of purchasers and the number of acres bought, and I was to send a circular or letter to every one of them stating that the application was filed or had been filed with the Panama Government. I did not send out any circulars. This is the list that I received.

Mr. SCHENCK.—Was that letter addressed to you or Mr. Ryan?

(Testimony of Hernan de la Guardia.)

A. I remember that this letter was shown to me by Mr. Ryan, and that list was the one referred to in that letter, and this letter here, a copy, the one addressed to Mr. Wm. [664] Scholling was also shown to me.

(The said letters and list were marked United States Exhibit No. 218, read in evidence and the letters are as follows:)

U. S. Exhibit No. 218—Letter, July 18, 1911, Panama Dev. Co. to Ryan.

(Letterhead of Panama Development Company.)

“Los Angeles, July 18, 1911.

Mr. E. D. Ryan,

C/o Hernan de la Guardia,

City of Panama, Panama.

Dear Mr. Ryan:

Hope you had a pleasant trip to Panama. I wrote you the other day and sent Mr. Guardia \$500 for you. Certainly hope to hear from you soon how you like the looks of things in Panama.

Would suggest a letter like the enclosed to be written to the following list and signed by Mr. Guardia. Have it written on Panama stationery, rather than that which was sent down from this office. Please be particular about this. I enclose you a model letter and all should be written the same way, the only change being in the number of acres which should correspond in each letter with the number of acres applied for, as stated opposite the name, on enclosed list. Now if it is necessary to make any material changes in this letter, do not send it out be-

fore submitting to this office, as the letter has been prepared according to the advices we have received as to what is required when making these applications, which can be done by you or anyone else acting under a Power of Attorney, the lands later to be transferred to the purchaser.

Yours very truly,

PANAMA DEVELOPMENT COMPANY,

By L. R. SMITH,

For J. G. LYMAN."

McD.

U. S. Exhibit No. 218—Letter, — to Scholling.

Mr. Wm. Scholling,

318½ Pico Street,

Los Angeles, California,

Dear Sir:—

Your application for twenty (20) acres of Panama Government lands has been duly received and turned over to Mr. E. D. Ryan, who will prepare a plot of the land, desired, showing the location of same with its *bounaries* defined, together with the proof necessary to demonstrate the land is adjudicable in accordance with the law.

It is necessary that this memorial should be in proper form before being filed with the Provincial Administrator of lands. After this is done, the Administrator of public lands will order a copy of the petition posted for thirty days in the land office, and a similar copy published in the Official Gazette upon which, the Administrator will have the Public Surveyor draw up in duplicate a plot of same, filing with it, his measurements and report to the Administra-

(Testimony of Hernan de la Guardia.)

tor, who there upon issues the Provincial Title thereto, which will be sent you in due course. [665]

It will probably require three months to complete this, but the title is vested in you from the time the application is filed, so that you need have no fear but that the lands adjudicated will be duly allotted you.

There may seem a lot of "red tape" attached to this, but the Government is very careful to protect your interest by issuing titles only when everything is in proper order.

Yours very truly,

[Endorsed]: 672—Crim. U. S. v. Lyman. U. S. Exhibit 218. Filed November 20, 1913. Wm. M. Van Dyke, Clerk. By Chas. N. Williams, Deputy Clerk.

Mr. REGAN.—Did you have any conversation with Mr. Ryan about getting land down in Panama?

A. Yes, I did. Mr. Ryan told me that he had been working for the United Fruit Company for a number of years in Boco del Toro and after getting the money we went to Chiriqui to look up the land out there. Mr. Ryan told me he was not familiar with Chiriqui or Agua Dulce as he had not been there, he didn't know the country. Boco del Toro is north of Chiriqui on the Atlantic coast. Mr. Ryan told me he was going to try to locate some banana lands, and also see the highlands of Chiriqui. He went to the district of Dolega. When he came back he told me he had seen some very good land there.

Q. After Mr. Amiel came down, how often did you see Mr. Smith after that?

(Testimony of Hernan de la Guardia.)

A. I only saw him a couple of times after that. I was present when Mr. Amiel had a conversation at my office, 117 Central Avenue.

Q. What was that conversation?

A. I do not remember the exact words, but Amiel said he had been taken in and wanted his money back or land, otherwise he would make trouble for Smith. Smith told Amiel to come down, that everything would be all right. Amiel said he was [666] stranded and did not have money to pay his hotel bill, then Smith handed him some money.

Q. Did you tell Amiel that the company did not have any land down there when he said he wanted his land?

A. Yes, I told him and at that time I told him that I had resigned and that he had better deal with Smith. When Amiel said to Smith, "I want my money or my land," Smith said, "Everything will be all right," and handed him some money and they walked out of my office. At the same time I asked Mr. Smith to come over the next day at three o'clock and I would give him the keys of the office and I told him that I would hand him a statement of the accounts and cards. He did not come up the next day. I had my statements ready and the accounts and the vouchers, but he did not show up. I never saw him any more and the next day he left. I never saw Amiel again.

Cross-examination.

(By Mr. SCHENCK.)

Q. When you stated here a few moments ago, that

(Testimony of Hernan de la Guardia.)

you had received a letter from the Panama Development Company, instructing you to write letters to all the persons on the list that was enclosed, and say to those persons that their applications had been filed with the Panama Government, you were slightly mistaken, as you see now, were you not?

A. Yes; I was referring to this letter and to Mr. Ryan and that list. My recollection was not entirely clear on that.

Q. Even in regard to whom the letter was addressed to, or in regard to what your instructions were? You were mistaken in both things, weren't you?

A. Yes. [667]

Q. You notice that letter doesn't say to tell these various people that their application had been filed with the Government at all, does it?

A. That letter conveyed the instructions to me and I answered accordingly.

Q. But you stated upon your direct examination that your instructions were in this letter, to write these various people telling them the applications had already been filed? A. Or would be filed.

Q. But it was a fact, was it not, that after their applications were received, there was so much of "red tape" as it is called here, that it would take about three months before they would get their provincial title?

A. About three months. It might vary. The statement in the letter that it is necessary that "this memorial should be in proper form before being

(Testimony of Hernan de la Guardia.)

filed with the Provincial Administrator of Lands" is true, and it should certainly state the location of the land, the area and everything else before it is filed. And then the memorial and the petition has to be posted in the Land Office for a number of days to see if there are any contestants.

Q. And the land had to be surveyed before the memorial could be gotten up, didn't it?

A. The memorial goes in first. The memorial is simply a petition stating the location of the land and the area, and then the surveyor goes on the ground and surveys it.

Q. How do they get the data for the memorial if it is not at least roughly surveyed before?

A. Oh, just go down and go on the ground and get the affidavits of three residents of the district, and take more [668] or less, you know; so many hectares within certain stated boundaries, and then afterwards the surveyor goes down. You have to describe the land as nearly as you can in the memorial.

Q. When was it that Amiel first demanded his money back? What month, and threatened to make trouble?

A. I think it was in September of 1911. I sent a telegram to the Company September 6th, confirming my resignation and I saw Amiel and Mr. Smith a couple of days after that, at Panama.

Q. Going back to your direct examination, do you know Dr. Edward Hale?

A. Yes, sir; I met him just a few months before I

(Testimony of Hernan de la Guardia.)

left Panama this time, which was on the 25th of September of this year.

Q. You stated upon your direct examination, that when Dr. Lyman came to Panama you met him in your father's office?

A. Yes, sir. He had a letter of introduction from Dr. Albert Hale, Washington, D. C., introducing Dr. Lyman to my father. Dr. Hale is connected with the Pan-American Union; that is he was at that time. So far as I rememebr, it was a personal letter introducing Dr. Lyman to my father, and I believe there was something to the effect that Dr. Lyman was interested in land or something like that, and also saying that anything my father could do for Dr. Lyman would be highly appreciated. Dr. Hale and my father were very good friends of some long standing. I was in my father's office when Dr. Lyman came there and presented that. I acted as interpreter, as my father doesn't speak very much English. Nothing concerning the forming of a company, that was eventually formed, was spoken of. Dr. Lyman himself and my father had two conversations. They had some conversation in regard to land. I think [669] the Doctor stated that he wanted to secure or get some land down there, but I don't remember anything about the company at that time.

Q. Did your father not say to Dr. Lyman at that time, that you had been in America to school some little time, two terms, that you had taken a course in Agriculture?

A. I said that myself. I don't know about how

(Testimony of Hernan de la Guardia.)

many courses. I said I had attended the University of Wisconsin. There was some conversation however, on my part, about my studies in America, and about becoming proficient in the study of agriculture. I attended the Ontario Agricultural College, in Geulph, Ontario, Canada, and also at the Wisconsin College. I was the beneficiary of a scholarship in agriculture given by the Panama Government. The first time Dr. Lyman came to my father's office, he presented this letter of introduction and wanted to secure some information on Chiriqui land. My father pointed out that Mr. Quelquejeu was very well posted on Chiriqui conditions, and asked me to take the Doctor over to Mr. Quelquejeu. So we shortly afterwards went out and saw Mr. Quelquejeu. The second time the Doctor came in, he came in to see me more than to see my father, and my father was busy and we went out together. Dr. Lyman told me he intended to form a company in the United States for acquiring, exploiting and developing lands in Panama. At that time he did not tell that to my father. Dr. Lyman stated that he could get lots of people down there, who would take up land and cultivate it and settle down there, and that it would be a good thing for the country and for all concerned.

Q. Mr. Quelquejeu said, did he not, that the scheme as outlined by Dr. Lyman, for forming a company here and causing an [670] influx of colonists to settle up Panama, was a good thing?

A. Yes, I think it impressed him very favorably, and in a conversation with my father he indicated

(Testimony of Hernan de la Guardia.)

that it impressed him very favorably, and my father suggested that Mr. Fearon, the banker, become interested in this matter too. I resigned from the company the first time, about the middle of August and I waited until Smith came down to Panama some two or three weeks afterwards, and then on the 6th of September, I confirmed my resignation by a cablegram.

Cross-examination.

Mr. SCHENCK.—I think I mentioned the fact to Dr. Lyman that a concession had been granted to some people for the erection of a sugar-mill in Agua Dulce, and I offered to send a copy of it to him and afterwards I did.

Q. Had you and he had a conversation about a proposed railroad?

A. Yes, sir. The conversation at that time was that at that time there was a law passed authorizing the Government to build a road from Panama to the city of David, and at that time, which was in March, 1911, there was a party of engineers of the Panama Railroad Company doing the survey for the proposed road. I don't know whether the survey reached Agua Dulce in March, 1911. I don't know when the survey was finished. It is finished now and I know there was \$100,000 appropriated for it. The Government advertised for bids for the construction of that road after the survey was completed, but I don't know when that was. The city referred to in the Exhibit 9 was Panama City and the proposed site

(Testimony of Hernan de la Guardia.)

mentioned is a point toward the Bay of Panama for a casino.

Q. Were you, before your connection with the Panama Development Company, connected with the Panamanian Government? [671]

A. Yes, sir; I was a clerk in the Attorney General's office. The defendant said he would like to obtain land along the railroad to bring settlers down there to cultivate and exploit. I told him in a general way the terms and conditions upon which I could locate the lands for those settlers and then I wrote to him about it, answering his questions.

Q. When did you first learn that you were president?

A. I learned that when I received the articles of incorporation of the Panama Development Company and also the resolution of the Board of Directors appointing me President. I sent the articles of incorporation and a copy of the minutes back to the Panama Development Company because they were not authenticated by the Panamanian Consul at San Francisco. Dr. Lyman was the one that first suggested to me that I have an advisory board down there. It was for the purpose of giving advice with regard to local conditions there and the development work that was to be undertaken. May 16th was the first intimation I had in the course of correspondence, concerning an advisory board. We discussed as to the method of acquiring land by this company, and how they should go about it and what they would have to do. I remember having told Dr. Lyman

(Testimony of Hernan de la Guardia.)

that the land in Agua Dulce where that concession had been made for the sugar-mill was not the very best kind of land for sugar growing, according to the people familiar with the ground, but that they had started the erection of the mill there on account of the big concession that they had obtained. There are plenty of Government lands in Cocle, but not around Agua Dulce. I believe I mentioned to Dr. Lyman that the son of the Secretary of Finance, who is an engineer, was familiar with all that section of the country and he would be desirable for the survey or something like that, and I [672] think I suggested it would be advisable to engage him.

Q. In this letter of May 11, 1911, to you, Lyman stated: "Just as soon as I have had an answer from you covering the points raised in my various letters, will send you a check for \$2000 or whatever funds may be necessary, so that you will at all times have sufficient in hand to cover what we desire to have done. I think too, we will elect you president of the company so that you will have an official title." You remember getting that letter? A. Yes, sir.

Q. Do you remember when it was that you commenced drawing a salary as president?

A. My salary—according to my understanding, was not for being president, but for acting as representative of the company and when I sent a cablegram accepting that position as representative of the Panama Development Company, I considered that I was to draw my salary right from then, and I did.

Q. In this letter of yours to Dr. John Grant Lyman

(Testimony of Hernan de la Guardia.)

dated May 16, 1911, being Exhibit 20, you say: "Have seen Mr. Quelquejeu and he said he would write recommending me as your representative." What did you mean by that?

A. I meant just exactly what is written there.

Q. Now, then, in this letter of May 16th, it is a post-script, "I have inside information that leads me to believe that the railroad is going to be started soon, the contract to be awarded within two months." Did you have such information? A. Yes, sir.

Q. You knew, did you not, that this company proposed to charge colonists \$5 an acre for locating them upon land?

A. I knew that from the letters I received from Dr. Lyman. Nothing was said about prices and what they would charge for land, or the expenses of operation when Lyman was in Panama. [673] I received U. S. Exhibit 22. Dr. Lyman said he wanted to get some land under sugar cultivation and I suppose that is what is meant in that letter, by 'our proposed colony in Cocle.' "

Q. I understood you to say this morning that you did not know anything about the proposed colony at Cocle until you saw some of the literature?

A. I didn't know anything about the proposed colony in Agua Dulce, and I said I have mentioned the fact that there was a concession in Agua Dulce.

Q. After you did commence your endeavors in behalf of the Panama Development Company, did you and Mr. Quelquejeu confer together as to the different propositions that came up.

(Testimony of Hernan de la Guardia.)

A. I did not confer with Mr. Quelquejeu, but I did with my father. Most of the conversation with my father was in regard to legal points in the way of taking up the land, such as land laws and legal questions.

Q. You resigned the position with the Government in order to devote your time entirely to the interests of this company, didn't you? A. Yes, I did.

Q. Did you consult Mr. Vallarino, a lawyer, with reference to the matters pertaining to the business of the company, and what would, or would not be to its best interests?

A. Yes, sir; I did when we got to the legal points. I received the charter and certified minutes of the company, but don't know whether I received the charter and certified copy of the minutes of the Board of Directors together. It might have been under a separate cover or in another mail.

Q. Do you know where the certified copy of the resolution is now? [674]

A. No, sir; I turned that over to Mr. Smith and I have never seen it since. It was simply the minutes of the meeting of the Board of Directors appointing me president. I think it was signed by Mr. Smith as secretary. I don't know whether it was signed by Mr. Redpath, I am not sure about that. It was a certified copy of the minutes marked U. S. Exhibit 74, that I received. Upon examining my letter, U. S. Exhibit 24, I recall that on June 21 I had a certified copy of the minutes at which I was elected president. And thereafter I received a power of attorney from the company over the signature of the

(Testimony of Hernan de la Guardia.)

vice-president and secretary, authorizing and empowering me to act as their attorney in fact in Panama.

Q. In your letter of June 21, you say: "They have already brought into Agua Dulce the sugar-mill machinery for which a Government concession was granted." Was that true?

A. Yes, sir, it was true.

Q. And your letter of May 16, 1911, being Exhibit No. 20, you say this: "Another way would be to incorporate the company in Panama and in that way you could dispose of the land in the way of shares." Did you and John Grant Lyman have any discussion while he was there with reference to forming a company to sell the land on shares?

A. Not to sell the land on shares. That was merely a suggestion by me. I don't believe I had any conversation with the defendant in regard to a contract of colonization with the government, but at the time I wrote U. S. Exhibit 31 there were some concessions granted and it appeared to me to be a very good thing for the company and I made the suggestion, and I proposed getting a concession. I went to the provincial administrator [675] of public lands in Panama and asked him where there were lands open to location. He showed me the land on the map that were open to location. He showed me some very good land near the Savannah River in the Darien District and suggested that section there for bananas.

Q. In this letter of July 12, you say: "My father is just back from a trip to Washington, where he went

(Testimony of Hernan de la Guardia.)

on a political mission, and he requests me to (he is writing by this or next mail) advise you of his acceptance of the appointment you have made on him as member (director) of the Advisory Board, which is to operate down here on behalf of the company, and that he will act in that capacity as soon as the board is fully constituted." Your father did tell you that, didn't he?

A. Yes, sir. He did not write at that time but they put his name on this Advisory Board at the time he was in Washington, before obtaining his consent. He wrote a letter and objected to it and withdrew his name.

Q. When you made this statement, "He is writing by next mail," he told you he was going to accept?

A. Yes, sir.

Q. And then you know, as a matter of fact, he afterwards did not?

A. You see, he was willing to accept and when this literature with his name on it came out, he knew his name had been put on this literature while he was in Washington and he resented that they had put him on before his acceptance.

Q. Up to the time your father resented the use of his name on the literature of the company, he had been consulting with you and conferring with you and advising you fully and thoroughly at all times, to bring about the objects and purposes of the company? [676]

A. My father was pleased that Dr. Lyman had engaged me to act for the company, and he thought it

(Testimony of Hernan de la Guardia.)

might be a very good company and he liked the prospectus, but, in the meantime, he didn't want his official title put in—he didn't think it was serious enough to bring about the use of his official title on the folders of this company. That is what he objected to.

Q. All the time you were advising with your father about the objects and purposes of the company, you knew very well the company was taking money from people for locating them on land, didn't you?

A. The first thing I knew about the sales of land, was when I saw the list of purchasers. That is the first time I knew that the company had actually sold land.

Q. After you got that list you continued to act for the company for nearly a month, didn't you?

A. You see that list came from Mr. Ryan, and Ryan went to Chiriqui to locate this land and he resigned somewhere about that time, and I received a cablegram from Dr. Lyman. At the same time Mr. Smith was coming down and so I waited. I sent my resignation in with Mr. Ryan in the very same cablegram and we both agreed to resign after having sent some cablegrams asking for funds to get a Government concession.

Q. When you went to the *chargé d'affaires* of the United States at Panama, did you explain to him that your company was simply acting as agents of people in locating them in Panama?

A. I did not say that to him, but I told him that I thought the company was all right because Mr. Ryan was there then and he was sent to look up the

(Testimony of Hernan de la Guardia.)

land that we were going to take up. I told him that I thought everything would be all right, because I didn't see otherwise, why they should send Mr. [677] Ryan down there. Mr. Ryan was called in then by the minister in my presence. In the meantime I was going to resign as I didn't want to get mixed up, and I did go out.

Q. Did Mr. Ryan tell the minister that your company didn't claim to own any land, but on the contrary they claimed that they did not own it?

A. I don't know anything about what Mr. Ryan told the minister; I was not present. I told the minister that we didn't have any land, but my understanding was that the company was going to acquire land. I was under that impression all the time. When Mr. Andrews, the chargé d'affaires called me in and asked me a lot of questions and said the United States Government was investigating the company and I knew we didn't have any land, at the same time I had received the list of all the purchasers, I knew the company had sold land and I knew we didn't have any land, and I decided to resign.

Q. Is there anything on that list to indicate they sold it to them, as distinguished from using their powers of attorney to locate lands for them?

A. You can call it what you please, to my mind it is a sale or a partial sale, and it was not backed up by any holdings at that time, and so I resigned. I did not know that the list was simply a list of names of people who had executed powers of attorney in my favor, making me their attorney in fact that I might

(Testimony of Hernan de la Guardia.)

locate the Panamanian Government land for them and in their name. I didn't know that because I never saw any powers of attorney, and there never were any powers of attorney sent to me from these parties contained in the list and all I knew was that they had paid in money and that we did not have any land at this time, and I resigned. [678]

Q. Just point out there on the list or the letter or the model letter that is enclosed, what it is that makes you believe that those were purchasers of land as distinguished from persons who had executed powers of attorney that you might locate land for them.

A. This really was the statement of Mr. Ryan that he told me they were selling land.

Q. Whatsoever Mr. Ryan may have told you, didn't this letter here that you were supposed to write to each one of the persons on that list, suggest to you that they were simply applicants for land to be located on for them and in their name by you, acting as attorney. Mark this, for instance: "Your application for 20 acres of Panama Government Lands has been duly received and turned over to Mr. E. D. Ryan, who will prepare a plat of the land desired, showing the location of same with its boundaries defined, together with the proof necessary to demonstrate the land is adjudicable in accordance with the law." Didn't he suggest that you should write that to all these persons and didn't it show that it was lands that they wanted to have adjudicated to them?

A. That is what the letter reads. There is nothing else to that, that I can see.

(Testimony of Hernan de la Guardia.)

Q. In spite of that you believed that the company was not seeking to have lands adjudicated to these various persons but, on the contrary was selling it to them and taking their money from them?

A. Well, according to reports I knew that the company had fine offices and were taking in money and that is all, and I wanted to get out of it.

Q. And this clause: "It will probably require three months to complete this, but the title is vested in you from the time the application is filed, so that you need have no fear [679] but that the lands adjudicated will be duly allotted to you." How do you reconcile that statement with your thought that this company was selling land and that these persons were those to whom it was being sold?

A. My mind then was that it was high time for the company to have sent some substantial money to obtain land or do some kind of business. There was a lot of correspondence coming and going, but there was never any substantial sum of money sent to me so that I could acquire any land or purchase any land from the government.

Q. As a matter of fact you found when you went over to Mr. Vallerino and to your father when you talked to him, and other officials down there, that you couldn't do anything on behalf of the company until you had duly authenticated and *viséd* articles commissioning you so to do? Is that correct or not?

A. That I couldn't acquire any government land. I could have acquired private land.

(Testimony of Hernan de la Guardia.)

Q. Was it the fact that no money had come down there that made you think something was wrong?

A. Yes, sir. I thought that a big company like this should send me funds to take up the lands and that is what made me think something was wrong; that was one of the considerations, and that was one of the facts that I took into consideration in resigning.

Q. Then, if that is true, why did you in your letter of June 21, 1911, use the following language: "I have received the articles of incorporation of the Panama Development Company; but before the company can be registered in Panama it is necessary to have the charter (for which I am returning you under [680] separate cover) authenticated by the Panama consul in San Francisco. I need the minutes of the meeting of the Board of Directors at which they elected the president and director of the company, if I am to act as such; and a power of attorney issued by the officials of the company sworn to before a notary public of Los Angeles, if I am to act as representative of the company, and both documents must be authenticated by the Panama Consul in San Francisco." Wasn't it possible for you to do for or on behalf of this corporation, in any way, shape of form, until you had the duly authenticated and *viséd* articles of incorporation and certified and sworn to copies of the minutes of the board of directors which passed a resolution appointing you director and president of the corporation?

(Testimony of Hernan de la Guardia.)

A. It was not possible for me to do anything in an official way, such as gathering information and then trying to locate land. I certainly could not have acted as president and director of the company if such papers to allow me to act in such official capacity had not been properly authenticated, both by the corporation and by the Panamanian consul. I couldn't file on any land in the name of the company without having the articles and minutes properly authenticated, nor in behalf of any person without having received a duly authenticated and *viséd* power of attorney.

Q. If you sent the articles of incorporation and the minutes back on June 21, up to that time, you were absolutely powerless to do anything either for the Panama Development Company or for any one of the persons on that list, were you not?

A. No, I don't think so. You see I was employed by the Panama Development Company, following instructions. So that I gathered information and did all I could within—that is, [681] so far as I was legally authorized to do. I could not have acquired any land, because I did not have the powers of attorney.

Q. Then you remained powerless up to that time and you also remained powerless from that time forward until such times as these various documents would come back to you, didn't you?

A. For obtaining that land from the Government; yes.

Q. Or from buying land?

(Testimony of Hernan de la Guardia.)

A. Government land.

Q. Or from buying private land on behalf of the company?

A. I could not have bought any land without any money.

Q. Without regard to the money, if you had had the money, you could not have bought it on behalf of the company or as an official, until you got those articles?

A. If I had received money and instructions, I would have bought land, because I knew that I was the president. I had seen the minutes, and it was only a matter of form for this authentication of the minutes by the consul.

Q. Then what did you mean by saying Mr. Fearon wouldn't even let you open up a bank account until you had a power of attorney?

A. That was the gist of the conversation I had with Mr. Fearon.

Q. And you know you couldn't even open up a bank account in the name of the corporation until you had these documents?

A. That is what is involved there. Mr. Vallerino told me the same thing, and that I could not have filed any applications for land. I could have bought land in my own name and then transferred it. I was just following instructions. I got [682] paid for it and I did as I was told. I wanted money to buy or obtain land for the company. I was waiting for the company to get on a sound basis.

Q. You stated a moment ago, as I understood you,

(Testimony of Hernan de la Guardia.)

while you knew you were powerless to act for and on behalf of the company, if they had sent the money down you would have bought land and taken it in your own name. Now, in this May 16th letter you say it is inconvenient because nobody would deal in land that way; that is a very inconvenient way for a land dealer to buy. Why did you change your mind?

A. There were other ways more convenient but that was one way to get the company in good shape down there and also through concessions. I could have gotten a concession in my name if I had the money and then turned it over to the company, that is what I meant by that.

Q. Don't you remember one of these letters in which you were told to go ahead and get the concession and let them know how much money you needed and it would be forthcoming at once?

A. Yes, sir, but without money you couldn't get anything either here or in Panama.

Q. Did you write up here and tell them how much money it would take?

A. I needed about \$5,000 and I think I stated it in some of my letters. I do not remember the date of the letter.

Q. Under the date of August 12, 1911, a letter which you have identified here and being exhibit 38, there is contained the following: "Regarding the 20,000 hectares in the Chiriqui Province, on which you can obtain a two years' option for \$5,000 gold, I have asked Mr. Ryan to look at that property at his

(Testimony of Hernan de la Guardia.)

earliest convenience and if he approves we will take up the option. I suggested to him also that when exercising the option [683] he had better have the title looked into by some competent lawyer in Panama, for we want to be absolutely certain regarding those titles before paying any money for the properties." Did you talk to Mr. Ryan in regard to that?

A. Yes; I talked to Mr. Ryan quite a lot about land and properties, but I don't remember just what property is referred to in there now.

Q. Do you notice in the same letter it says: "You all seem to have the impression down there that the company here had been offering lands for sale, representing them as their own. Nothing of this kind has been done, the only lands offered were Government lands *and is* distinctly understood on the part of the purchaser, that this company is going to purchase the same for them from the Government, and they understand it that nothing is going to be taken up for them until they pay for the same, or rather have completed the first payment, otherwise the company would be getting lands in the names of various people and never be able to collect for it." Do you remember that? A. Yes, sir.

Q. Do you know what date it was that you wrote about this 10,000 hectares and wanting \$5,000 gold—

A. I don't remember the date. What I wrote about was saying that I needed \$5,000 at least to obtain the land concession or obtain any land at all.

Q. Here is your letter dated July 12, being exhibit

(Testimony of Hernan de la Guardia.)

31, in which you say: "I feel that \$5,000 in gold is the least amount I need in hand to carry out your instructions (as explained in letter of June 21st)."

Do you remember writing that?

A. Yes, sir; that paragraph that you read.

Q. Was that the only time you ever wrote with reference [684] to \$5,000 in gold being sent down?

A. I don't remember whether that was the only time.

Q. Look at this letter here, it says that \$5,000 gold was to be used by you to pay current expenses and transact such business as might come up, without regard to acquiring property in your name for the company, or acquiring any property at all.

A. Any instructions that I was to carry out—such as locating lands and filing for land would have cost money, and, as you know, the letter there specifically states that one-half of the purchase price of the land is to be paid when the petition is filed for the land, so that is what I meant I wanted the money for; to transact business for the company and carry out instructions.

Q. They told you to get hold of lands and concessions and anything else, and when you got hold of it to tell them what it was and how much money was needed for that purpose and they would send it to you, didn't they?

A. There was a statement to the effect that there was money coming down. I did all I could with the limited amount that I received.

(Testimony of Hernan de la Guardia.)

Redirect Examination.

By Mr. REGAN.—The by-laws and charter of the Panama Development Company that I received from the Panama Development Company, or John Grant Lyman, or some other officer of the Panama Development Company, to file with the Panamanian Government, were the only papers that I received to file. In my conversation with Mr. Vallerino, who was the attorney down in Panama, I never discussed with him the question of an agreement between the Panama [685] Development Company and the Panamanian Government, and I never saw any such agreement, and so far as I know there was not any nor did I ever hear of any. I never entered into any agreement or contract with the Panamanian Government in reference to securing any land for the Panama Development Company, or for the sale of any lands through the Panama Development Company for the Panamanian Government. Smith asked me if we represented the Government and I said no.

Recross-examination.

(By Mr. SCHENCK.)

Q. What were you going to do with the minutes of the meeting of the Board of Directors that elected you president of the corporation, after they had been certified by the officers of the corporation and *vised*?

A. I was going to file those minutes with the Panama Government, have them registered at the Notary Public's office in order to transact business for the company.

(Testimony of Hernan de la Guardia.)

Q. Then when you answered a few moments ago that the charter was the only instrument which you ever received which you were going to file with the Government of Panama, you were mistaken?

A. Yes, sir.

Q. Did you discuss with Mr. Vallerino the proposed or contemplated concession that you had written about?

A. Yes, sir, I did; but the actual agreement had never been consummated with the Government.

Testimony of Frank Burnett, for Plaintiff.

FRANK BURNETT, a witness called on behalf of the United States, being first duly sworn, testified as follows: [686].

I live in Oakland, California. I am a hotel clerk at the Union Square Hotel in San Francisco, and was chief clerk in 1911 at that hotel. I remember seeing the defendant at the Union Square Hotel, in 1911. He was registered as James Lindsay and wife, San Diego, California, room 302, on Wednesday, August 30th, 1911. I never knew the defendant by any other name than James Lindsay. I know Mr. Madeira (Postoffice Inspector). He called at the hotel one evening shortly after the defendant had registered there. After the arrest of the defendant there were some trunks detained by the hotel. I am not sure of the number. They were kept in the baggage-room.

Q. And was the bill paid?

Mr. SCHENCK.—Objected to as immaterial.

(Testimony of Frank Burnett.)

The COURT.—I think it is competent, the objection is overruled.

A. Yes, sir. The trunks were delivered to the transfer man acting for Mr. Van.

Q. Was there more than one small trunk taken away by the postoffice inspectors?

A. That I don't know. There was a small trunk taken away. So far as I know, no other trunk.

Cross-examination.

Q. Where were those trunks when you saw them first?

A. I did not actually see them at all. They were brought in by the transfer company and sent to the room. I did not order them taken out of the room. As far as I can remember, the manager did.

Q. When was it after the defendant was arrested, that they were ordered taken out of the room?

A. I believe the same night. [687]

Q. Don't you know, as a matter of fact, that they were up there for some hours searching all the trunks before they were taken downstairs, and took what they wanted?

A. No, I can't answer that because they didn't get permission from me. It was taken up with the manager.

Q. You don't know what portion the inspectors took and what they left or how far they searched those that they left before they left them, and what they transferred from one to the other? All that you don't know anything about? A. No.

Q. You do know that after they arrested him and took him to jail, they went back and made an ar-

(Testimony of W. I. Madeira.)

rangement with the manager and went up to search the room?

A. I understood so; but I wasn't there.

**Testimony of W. I. Madeira, for Plaintiff,
(Recalled).**

W. I. MADEIRA, recalled on behalf of the United States, testified as follows:

Q. You have been sworn before?

A. Yes, sir. I am a postoffice inspector residing in San Francisco, and was such in 1911.

Q. Now, in September, 1911, acting in this capacity, as postoffice inspector, did you undertake to locate the defendant?

A. I did, and located him on Powell Street, in the St. Francis Hotel. I saw him in the St. Francis Hotel during the day of September 8th, 1911, and also afterwards in the Union Square Hotel.

Q. Did you have any conversation with him over the telephone at the Union Square Hotel?

A. Yes, sir. I called and asked for him and they said he was in his room. They put me on the telephone in connection [688] with him and I requested an interview. I asked for Mr. Lindsay. That is the name he was known under in that hotel. Then they connected me with Mr. Lindsay's room and I had a conversation with him. I asked him if it was Mr. Lindsay and he said, "Yes." I said, "This is Mr. Madeira and I would like to see you if you could come down." He says, "Come up." I went up with Mr. Jerry Dinan, a detective sergeant of the city, and a clerk in my office named Robert Morse.